STATE OF OHIO
DEPARTMENT OF TAXATION

1938
ANNUAL
REPORT

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ANNUAL REPORT

of the

OHIO DEPARTMENT OF TAXATION

for the

Fiscal Year Ending June 30, 1988

Prepared by the
Tax Analysis and Local Government Distributions Division
Ohio Department of Taxation

STATE OF OHIO
DEPARTMENT OF TAXATION
STATE OFFICE TOWER
P. O. BOX 530
COLUMBUS, OHIO 43266-0030

September 12, 1989

Honorable Richard F. Celeste
Governor of Ohio
And Members of the
Ohio General Assembly

In compliance with Section 5703.42 of the Ohio Revised Code, it is my privilege to submit the 1988 Annual Report of the Ohio Department of Taxation.

This report contains descriptions and data for each of the state and local taxes administered by the department and for the Energy Credit Program which the Department administers. In addition, sections have been included on the local government fund and library and local government support fund. The text of the report pertains to laws in effect during fiscal year 1988 (July 1, 1987 through June 30, 1988) so that data and descriptions in the various sections are generally comparable. The sections summarizing recent legislation include bills enacted or effective during the fiscal year. We have also included a section that discusses the initiatives and accomplishments of the Department during fiscal year 1988.

I trust that the contents of this report will be of value and interest to the people of Ohio.

Respectfully submitted,

Joanne Limbach

Joanne Limbach
Tax Commissioner

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OHIO DEPARTMENT OF TAXATION
(As of June 30, 1988)

Joanne Limbach
Tax Commissioner

Deputy Tax Commissioner - Administration
Michele E. Delaney

Deputy Tax Commissioner - Operations
Michael R. Dundon

Deputy Tax Commissioner - Legal
William P. Driscoll

Deputy Tax Commissioner - Policy
Richard A. Levin

Administrative Assistant
Deborah Matthews

Administration

Administrative Counsel ..... Arthur M. Suchta
Budget and Fiscal Affairs ..... Rodger L. Whaley
Computer Operations ..... Royce H. Metcalf
District Administrator ..... Fred H. Ahlborn
Information Systems ..... Dennis B. Winner
Inspection ..... Robert L. Hammond
Internal Audit ..... Dennis J. Corrigan
Legal ..... William P. Driscoll
Human Resources ..... Francie Thompson Estrada
Reproduction & Supply ..... Don K. Matson
Tax Analysis and Local Government Distributions ..... Ronald A. Mucha
Security ..... Martin A. Winters
Tax Policy and Communications ..... Patricia Rupich

Sales and Use Tax Division

Jurisdiction: Sales and Use Taxes

Administrator ..... Bernard E. Johnson
Assistant--Technical ..... Robert L. Henshaw
Assistant--Operations ..... William D. Marshall
Administrative Counsel ..... John M. Schmarr
Supervisors: Audit Review ..... George Marcinko
Central Audit ..... David W. Boeder
Compliance and Processing ..... Michael C. Weichmann

Excise, Motor Fuel and Highway Use Tax Division

Jurisdiction: Highway Use, Motor Fuel, Severance, Cigarette, and Alcoholic Beverages Taxes

Administrator ..... Richard O. Beckner
Excise Tax ..... Cathy Farley
Highway Use Tax ..... Edward D. Finnerty
Motor Fuel Tax ..... James E. Jarzabek

Estate Tax Division

Administrator.....Virginia Macali
Administrative Assistant - Operations.....Joe Veffer
Inheritance Tax Supervisor.....Mark R. Friedman

Property Tax Division

Jurisdiction: Personal Property Taxes

Administrator.....James J. Baumann
Administrative Counsel.....Donald S. Swepston
Assistant-Operations.....Jack W. Cook
Assistant-Technical.....Robert H. Dudgeon
Audit Review.....Chris Whitaker
Compliance Section.....Allen D. Stoffel
Intercounty Central Audit.....Edward L. Gifford

Public Utility Tax Division

Jurisdiction: Public Utility Real and Personal Property, and Excise Taxes

Administrator.....James A. Witzel
Administrative Assistant.....Louis J. Spisak
Audit Supervisor.....William T. Peters

Income & Corporate Franchise Tax Audit Division

Jurisdiction: Individual Income Tax (School District and State), and Corporate Franchise Tax

Administrator.....J. Patrick McAndrew
Legal Counsel.....Jeffrey P. Sherman
Supervisors: Assessments.....Bonnie Reed
Audit Review.....Charles E. Ortlieb
Corporate Franchise Tax -- Audit.....Ronald Pottorf
Individual Income Tax -- Audit.....Rodgers L. Way, Jr.
Taxpayer Services.....Joy E. Clark

Income Tax Service Center Division

Jurisdiction: Individual Income Tax (School District and State), Corporate Franchise Tax and Energy Credit Program

Administrator.....James J. Kamerick
Assistant-Operations.....Wiley E. Bates
Supervisors: Accounting and Cashiers.....Dave L. Conkling
Energy Credit Program.....Lisa E. Stinziano
Processing.....Rick Burgess

Tax Equalization Division

Jurisdiction: Real Property Tax

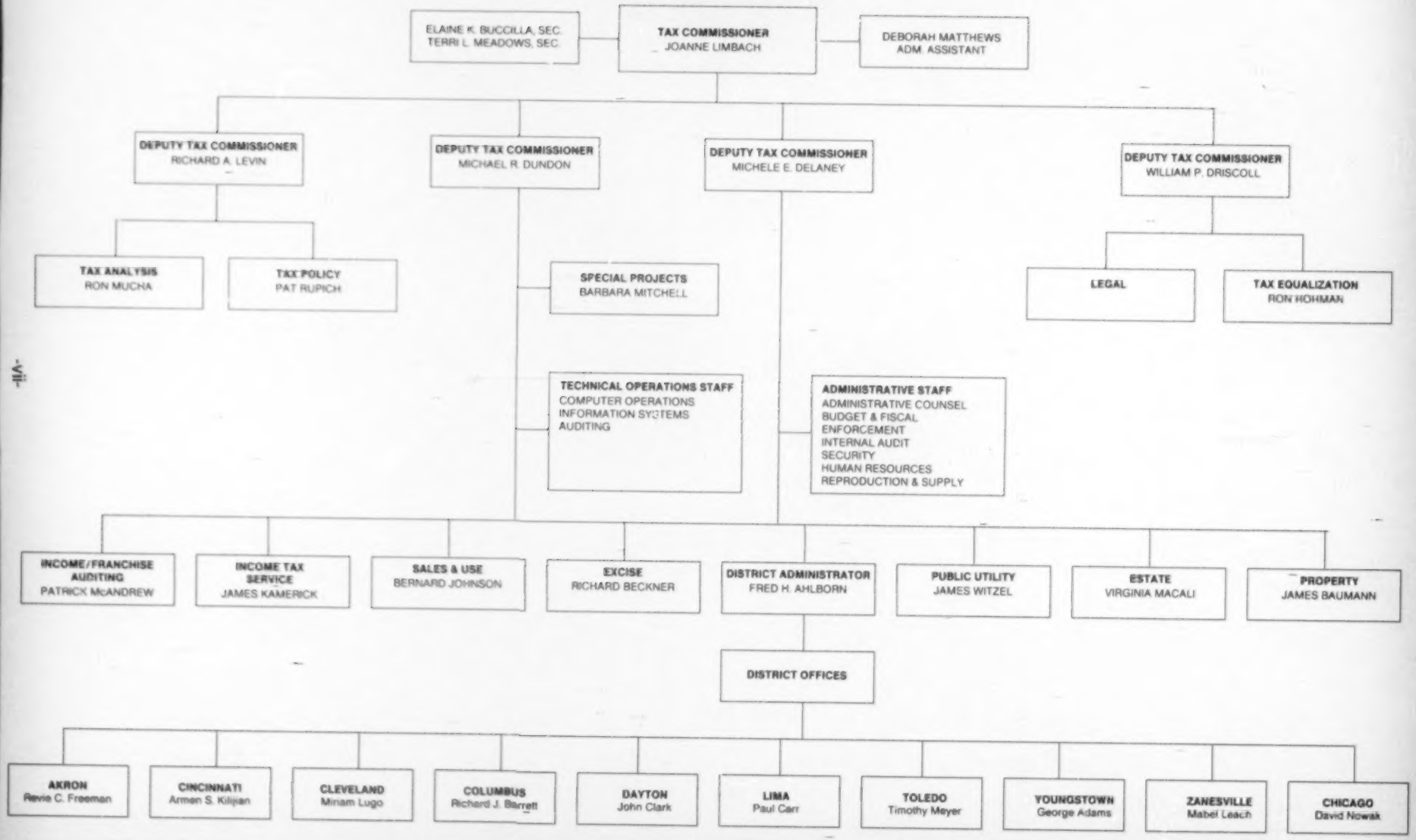
Administrator.....Ronald Hohman
Assistant Administrator.....David C. Stone
Legal Counsel.....Edward C. Samsel

INCUMBENTS IN THE OFFICE OF TAX COMMMISSIONER, AND GOVERNORS SERVED, 1939 – PRESENT

Tax Commissioner	Term			Served Under Governor	Term		
William S. Evatt	6/06/39	-	12/31/44	John W. Bricker	1/09/39	-	1/08/45
C. Emory Glander	1/01/45	-	1/31/51	Frank J. Lausche	1/08/45	-	1/13/47
"	"		"	Thomas J. Herbert	1/13/47	-	1/10/49
"	"		"	Frank J. Lausche	1/10/49	-	1/03/57
John W. Peck	2/01/51	-	1/31/54	"	"		"
Stanley J. Bowers	2/01/54	-	4/14/63	"	"		"
"	"		"	John W. Brown	1/03/57	-	1/14/57
"	"		"	C. William O'Neill	1/14/57	-	1/12/59
"	"		"	Michael V. DiSalle	1/12/59	-	1/14/63
Louis J. Schneider	4/15/63	-	12/29/64	James A. Rhodes	1/14/63	-	1/11/71
Gerald A. Donahue	1/04/65	-	3/13/66	"	"		"
Gail W. Porterfield	3/13/66	-	1/10/71	"	"		"
Robert J. Kosydar	1/11/71	-	1/13/75	John J. Gilligan	1/11/71	-	1/13/75
Gerald S. Collins	1/13/75	-	8/28/75	James A. Rhodes	1/13/75	-	1/10/83
Edgar L. Lindley	9/11/75	-	1/10/83	"	"		"
Joanne Limbach	1/10/83	-	Present	Richard F. Celeste	1/10/83	-	Present

NOTE: Tax Commissioner serves at pleasure of Governor (before September, 1963 served a four-year term).

OHIO DEPARTMENT OF TAXATION
ORGANIZATION CHART
(As of June 30, 1988)



DISTRICT OFFICES OF THE OHIO DEPARTMENT OF TAXATION AND COUNTIES SERVED

● DISTRICT OFFICES

■ CENTRAL OFFICE

RESPONSIBILITIES AND ORGANIZATION OF THE OHIO DEPARTMENT OF TAXATION

The Ohio Revised Code (Section 5703.05) states that, "all powers, duties, and functions of the department of taxation are vested in and shall be performed by the tax commissioner..." The Tax Commissioner is appointed by the Governor, subject to confirmation by the Ohio Senate, and serves at the pleasure of the Governor. The Tax Commissioner is responsible for the administration of most state-collected taxes and several locally-collected taxes and the supervision of the real property tax. In addition, the Tax Commissioner administers the energy credits program which reduces the winter heating bills of qualified individuals and also has responsibility for several programs distributing revenues to local governments, including: (1) motor fuel tax distributions; (2) local property tax relief reimbursements; and (3) distributions to counties for the library and local government support fund and the local government fund.

The Commissioner is empowered to make "all tax assessments, valuations, findings, determinations, computations, and orders" which the Department is by law authorized and required to make, and to review, redetermine, or correct previous assessments, valuations, or findings. The Commissioner also is charged with promulgating rules and regulations and preparing and distributing tax returns and other reporting forms. The Commissioner is responsible for auditing returns, levying assessments and penalties, granting or denying tax refunds, and may issue, revoke, or suspend certain licenses and permits. In two instances, the personal income tax and the horse racing tax, the Commissioner is assigned the actual collection of taxes with the other administrative duties. The Tax Commissioner is also required to maintain a continuous study of the practical operation of the taxation and revenue laws of the state, the probable revenue effect of possible changes in existing laws, and the possible enactment of measures providing for other forms of taxation.

To efficiently perform these numerous functions, the Tax Commissioner is authorized by law to create the divisions and sections of employees which are deemed proper. The organization chart on page vii indicates this division structure as of June 30, 1988. In addition to four Deputy Tax Commissioners, the Tax Commissioner has created eight operating divisions responsible for specific taxes or groupings of taxes (Sales and Use, Property, Public Utility, Income, Tax Services, Excise, Tax Equalization, and Estate), nine administrative staff sections (Administrative Counsel, Budget and Fiscal, Computer Operations, Information Systems, Human Resources, Reproduction and Supply, Inspection, Internal Audit, and Security), a Legal Section, a Tax Analysis and Local Government Distributions Section, and a Tax Policy and Communications Section. There are nine District Offices located in major cities throughout Ohio, a regional office in Chicago, and a District Administrator in the central office in Columbus. A map indicating the locations of the district offices and the counties which they serve is shown on page ix.

At the close of fiscal year 1988, there were 1,510 permanent employees in the central office and nine district offices. Expenditures of $58.3 million were made during the fiscal year to fulfill the various functions and responsibilities of the Department. Further detail for numbers of employees and expenditures is shown in Tables 1 and 2.

Table 3 shows data from applications for tax exemptions for pollution control and energy conservation facilities. Qualified facilities include: (1) air and noise pollution control facilities; (2) energy conservation facilities; (3) thermal efficiency improvement facilities; and (4) solid waste energy conversion facilities. A certificate must be issued for these facilities in order to qualify for a general tax exemption. The certification procedures for all of these facilities are administered by the Tax Commissioner. There is a similar program for water pollution control facilities, but that program is administered by the Ohio Environmental Protection Agency.

Applications for certificates are filed by businesses with the Department of Taxation. If the Tax Commissioner, after obtaining the opinion of the Director of Environmental Protection or Director of the Department of Development, finds that the facility meets the statutory requirements, a certificate is issued for the facility. If the facility does not meet the qualifications, the certificate is not granted.

Table 1

OHIO DEPARTMENT OF TAXATION STAFF STRUCTURE AND NUMBER OF EMPLOYEES, FISCAL YEAR 1988

Unit of Organization	Number of Employees June 30, 1988	
Administrative Division		
Tax Commissioner	10	
Legal	29	
Budget & Fiscal	4	
Human Resources	11	
Tax Analysis & Local Gov't. Dist.	11	
Information Systems	22	
Reproduction & Supply	9	
Tax Policy and Communications	5	
Administrative Counsel	4	
Internal Audit	1	
Division Total		106
Data Processing Division		
Computer Operations	25	
Systems & Programming	36	
Data Entry	156	
Division Total		217
Property Tax Division		
Administration	8	
Intangible Processing	13	
Property Auditing	27	
Property Assessing	10	
Intangible Corporate Compliance	18	
Division Total		76
Sales and Use Tax Division		
Administration	7	
Audit Review	7	
Audit Entry	5	
Sales Tax	67	
Central Audit	37	
Tax Hearing Board	4	
Division Total		147
Excise Tax Division		
Administration	2	
Highway Use	46	
Motor Fuel	28	
Excise Tax	9	
Cigarette Law Enforcement	14	
Division Total		99

Unit of Organization	Number of Employees June 30, 1988	
District Offices		
Akron	58	
Cincinnati	70	
Cleveland	82	
Columbus/Chicago	62	
Dayton	51	
Lima	28	
Toledo	42	
Youngstown	40	
Zanesville	24	
Districts Total		457
Income & Corporate Tax Audit Division		
Administration	3	
Corporate Auditing	40	
Personal Auditing	47	
Audit Review & Assessment	55	
Taxpayer Services	51	
Division Total		196
Income Tax Service Center Division		
Administration	3	
Income Tax Processing	40	
Accounting & Cashier	20	
Security	16	
Support Services	15	
File & Mail Unit	33	
Energy Credits	16	
Division Total		143
Estate Tax Division		23
Public Utilities Division		9
Tax Equalization Division		37
Total Permanent Employees		1,510
Temporary Employees In Pay Status		85
Total Employees (Permanent & Temporary)		1,595

Table 2

EXPENDITURES OF THE DEPARTMENT OF TAXATION, FISCAL YEAR 1988

Unit of Organization	Personal Service	Maintenance and Equipment	Total
Administrative Division	$ 3,148,858	$ 2,216,607	$ 5,365,465
Data Processing Division	4,043,389	1,966,349	6,009,738
Property Tax Division	2,486,120	242,472	2,728,592
Sales & Use Tax Division	9,554,047	1,432,291	10,986,338
District Offices	10,234,299	1,593,737	11,828,036
Income Tax Division	9,966,108	5,171,782	15,137,890
Estate Tax Division	794,932	75,425	870,357
Tax Equalization Division	1,305,309	132,184	1,437,493
Public Utilities Division	360,581	8,380	368,961
Excise Tax Division	2,333,145	1,269,513	3,602,658
Total	$44,226,788	$14,108,740	$58,335,528

Sometimes only a portion of a facility qualifies and a certificate is issued for only that portion of the facility. Table 3 summarizes the activities of the Department regarding the certificate program for fiscal year 1988. The table shows the number of applications acted upon during the fiscal year and gives a breakdown of the applications based on the type of facility. As long as the certificates are in force, the value of the certified facility is exempt from real and personal property taxes and is excluded from computation of the corporate franchise tax. In addition, material used to construct a certified facility is exempt from all sales and use taxes.

Table 4 shows the total audit production for the Sales, Income, Property, Public Utility, and Estate Tax Divisions. Note that these figures generally exceed those shown in the assessments tables (tables 5 through 7), primarily because the production totals include revenue from corrected returns and other activities which are not included in the actual assessments. Total audit production in fiscal year 1988 for the five major divisions of the Department increased by about 7.7% over fiscal year 1987.

Tables 5 through 7 indicate amounts for assessments made by the Property, Sales, and Income Tax Divisions of the Department. Personal property tax assessments shown in Table 5 for tangible and intangible taxes totaled $66.1 million for calendar year 1987. Table 6 indicates that sales and excise tax assessments were $248.8 million in fiscal year 1988, with about $243.8 million of that amount from the sales and use tax alone.

Table 7 shows assessments levied by the Income Tax Division for both the corporate franchise and personal income taxes. Corporate franchise assessments are levied against corporations that: (1) do not file the required annual return; (2) file an incorrect return; or (3) fail to remit the full amount of the tax due. In fiscal year 1988, 8,741 corporate franchise assessments were levied amounting to $133.4 million in additional taxes, penalties, and interest due from corporations. These assessments must be paid within thirty days after the corporation receives the assessment notice. The assessments may be appealed by the taxpayers.

Personal income tax assessments are levied against individuals who either fail to file a tax return during the required time period or fail to pay the full amount of the tax legally due. Personal income tax assessments were levied against 49,838 taxpayers in fiscal year 1988 and amounted to about $49.6 million in additional taxes, penalties, and interest due from individual taxpayers. These assessments become due and payable within thirty days after they are received by the taxpayer. A taxpayer may appeal the assessment within thirty days after its receipt.

If an assessment (either corporate franchise or personal income tax) is appealed, the assessed amount must still be paid within thirty days of its receipt. The only exception to this is on an assessment resulting from an audit of a timely filed return. When such an audit finds a liability greater than that shown on the original return, that portion of the assessment which represents the additional liability does not have to be paid during the appeal process if the appeal is based upon a differing interpretation of the Ohio Revised Code.

Table 3

NUMBER OF POLLUTION CONTROL, CONVERSION FACILITY, AND THERMAL EFFICIENCY IMPROVEMENT FACILITY FINAL CERTIFICATES ISSUED AND VALUE OF EXEMPTIONS GRANTED, FISCAL YEAR 1988

Type of Facility	Number of Certificates Issued	Value of Exemptions
Air Pollution	191	$193,885,103
Noise Pollution	0	0
Energy Conversion	2	644,953
Solid Waste Conversion	0	0
Thermal Efficiency Improvement	16	8,182,350
Total	**209**	**$202,712,406**

Table 4

TOTAL AUDIT PRODUCTION FOR SALES, INCOME, PROPERTY, ESTATE, AND PUBLIC UTILITY TAX DIVISIONS, FISCAL YEARS 1984-1988

	Audit Production				
Division	FY 1984	FY 1985	FY 1986	FY 1987	FY 1988
Sales and Excise Taxes	$192,698,483	$203,298,252	$215,368,626	$227,532,160	$262,329,035
Income & Corporate Franchise Taxes	109,774,660	171,260,329	195,200,227	241,028,223	227,133,052
Property Tax	66,251,145	72,966,152	65,077,331	64,955,822	76,377,778
Estate Tax	3,914,412	3,228,730	4,977,193	2,459,730	2,873,853
Public Utility Tax	N.A.	1,839,439	4,076,142	1,782,413	10,485,691
Total	$372,638,700	$452,592,902	$484,699,519	$537,758,348	$579,199,409

N.A. -- Not Available

Table 5

PERSONAL PROPERTY TAX ASSESSMENTS CALENDAR YEARS 1986 AND 1987

Tax	Amount of Assessments Calendar Year 1986		Calendar Year 1987	
Tangible and Intangible Personal Property:				
Single-county Corporations, Individuals, and Unincorporated Businesses	$18,043,897		$30,983,521	
Inter-county Corporations	40,431,767		34,000,329	
Total Personal Property		$58,475,664		$64,983,850
Financial Institutions (Intangibles only)		1,050,905		1,071,527
Total		$59,526,569		$66,055,377

Table 6

SALES AND EXCISE TAX ASSESSMENTS LEVIED AND UNPAID ASSESSMENTS CERTIFIED FOR PAYMENT, FISCAL YEARS 1987 AND 1988

Tax	Assessments Levied[a] Fiscal Year 1987 Amount	Fiscal Year 1987 Number	Fiscal Year 1988 Amount	Fiscal Year 1988 Number	Unpaid Assessments Certified for Collection[b] Fiscal Year 1987	Fiscal Year 1988
Sales and Use	$232,247,404	47,946	$243,798,842	46,623	$160,979,185	$127,364,663
Motor Vehicle Fuel	2,109,981	116	82,069	100	372,214	58,192
Highway Use	4,777,015	970	3,646,224	901	1,629,453	2,552,610
Cigarette	127,769	22	47,022	29	60,292	15,108
Beer and Wine	473,134	21	357,957	21	267,483	20,066
Severance	832,639	94	889,926	105	653,693	613,491
Horse Racing	19,679	3	21,601	3	0	0
Total	$240,587,621	49,172	$248,843,641	47,782	$163,962,320	$130,624,130

(a) Represents only assessments levied and not assessments collected.
(b) Data do not relate to current assessments shown in "Assessments Levied" column. It represents those assessments certified for collection after taxpayers have exhausted all avenues of appeal. Number of total assessments were 47,722 in fiscal year 1987 and 35,936 in fiscal year 1988.

Table 7

PERSONAL INCOME TAX AND CORPORATE FRANCHISE TAX ASSESSMENTS LEVIED, FISCAL YEARS 1985-1988

Tax	Assessments Levied Fiscal Year 1985 Amount	Fiscal Year 1985 Number	Fiscal Year 1986 Amount	Fiscal Year 1986 Number	Fiscal Year 1987 Amount	Fiscal Year 1987 Number	Fiscal Year 1988 Amount	Fiscal Year 1988 Number
Corporate Franchise	$58,815,446	5,244	$84,313,639	5,855	$82,842,430	7,601	$133,380,783	8,741
Personal Income	33,329,632	53,980	60,464,473	94,672	31,740,597	49,147	49,607,810	49,838
Total	$92,145,078	59,224	$144,778,112	100,527	$114,583,027	56,748	$182,988,593	58,579

REVENUE FROM TAXES ADMINISTERED BY THE TAX COMMISSIONER

The Tax Commissioner is responsible for administering state and local taxes which yielded about $11.4 billion in net collections for fiscal year 1988. The state's 1988 fiscal year was the period from July 1, 1987 through June 30, 1988. A breakdown of the collections from these taxes is shown in Table 8 for both state-collected and locally-collected taxes. It should be noted, however, that taxes imposed by one level of government may be collected by another, and that taxes collected by one level of government may be shared with another. Therefore, the tax collection figures attributed to state or local governments in the table do not necessarily indicate amounts available for expenditure by the two governmental levels.

Figures for both gross and net tax collections from state-collected taxes are shown in Table 8. Gross collections are equal to total taxes collected, including taxes which were later refunded. Net tax collections are equal to gross collections less all refunds. The source for the state-collected taxes is the Office of Budget and Management for both gross and net collections. These figures will differ from data shown elsewhere in this report which generally represent taxes administered as shown on returns filed during the fiscal year rather than actual collections during the fiscal year.

The state-collected taxes administered by the Tax Commissioner yielded net tax collections of $9,673.2 million during the fiscal year. This was an increase of 7.9% over the previous year. Collections from locally-collected taxes were $1,721.5 million in calendar year 1987, which was an increase of 5.7% from 1986.

As the table shows, the largest single revenue source was the personal income tax with net collections of $3,362.9 million. The sales tax was the second largest revenue source with net collections of $3,209.9 million. Income tax revenue increased 4.6% while sales tax collections increased 8.3%.

Table 8

COLLECTIONS FOR TAXES ADMINISTERED BY OHIO TAX COMMISSIONER[a]

State-Collected Taxes, Fiscal Years 1987 and 1988

Tax	Gross Tax Collections 1987	Gross Tax Collections 1988	Net Tax Collections[b] 1987	Net Tax Collections[b] 1988	Percent Change
State Sales and Use	$2,978,582,270	$3,235,786,187	$2,965,013,428	$3,209,870,309	+ 8.26%
Local Sales and Use	415,936,883	494,921,696	415,936,883	494,921,696	+18.99
State Personal Income	3,585,762,499	3,783,325,614	3,215,983,940	3,362,861,321	+ 4.57
Corporation Franchise	887,646,145	938,484,866	796,684,432	850,128,862	+ 6.71
Motor Vehicle Fuel	657,644,124	835,772,879	641,765,630	811,360,940	+26.43
Public Utility Excise	626,813,731	590,705,860	605,915,716	568,603,919	- 6.16
Cigarette Excise	182,965,195	231,602,464	181,349,839	229,120,442	+26.34
Intangible Personal Property (State-Collected)[c]	16,245,254	13,952,888	16,126,043	13,562,201	- 15.90
Highway Use	62,478,472	65,003,872	62,085,371	64,780,387	+ 4.34
Alcoholic Beverage Excise	44,990,464	44,384,981	44,763,177	44,140,462	- 1.39
Horse Racing	12,353,945	13,360,633	12,239,514	13,360,633	+ 9.16
Severance	9,533,448	9,370,667	9,509,390	9,344,028	- 1.74
School District Income	1,445,596	1,212,495	1,331,861	1,152,242	- 13.49
Total State-Collected Taxes	$9,482,398,026	$10,257,885,102	$8,968,705,224	$9,673,207,442	+ 7.86

Locally-Collected Taxes, Calendar Years 1986 and 1987

	Tax Collections 1986	Tax Collections 1987	Percent Change
Tangible Personal Property Taxes	$ 936,196,658	$ 964,876,173	3.06%
Public Utility Property Taxes[d]	563,476,538	613,403,251	8.86
Estate Tax[e]	128,908,606	143,270,238	11.14
Totally Locally-Collected Taxes	$1,628,581,802	$1,721,549,662	5.71

(a) Sources: For state-collected taxes, Ohio Office of Budget and Management.
For locally-collected taxes, Ohio Department of Taxation.
(b) Gross tax collections less refunds.
(c) Taxes paid by dealers in intangibles and intercounty corporations.
(d) Includes only tangible personal property taxes.
(e) Fiscal years 1987 and 1988, respectively.

The table below shows state general revenue fund revenues for fiscal year 1988. Excluding federal aid, total revenue amounted to $8.9 billion. Figure 1 presents each revenue category as a share of the total general revenue fund. Revenue from taxes administered by the Department of Taxation comprised 96.2% of the total general revenue fund in fiscal year 1988. The largest source, the personal income tax, accounted for 37.6% of total revenues, while the sales tax accounted for 35.9% of the total.

GENERAL REVENUE FUND SOURCES
FISCAL YEAR 1988
(EXCLUDING FEDERAL AID)

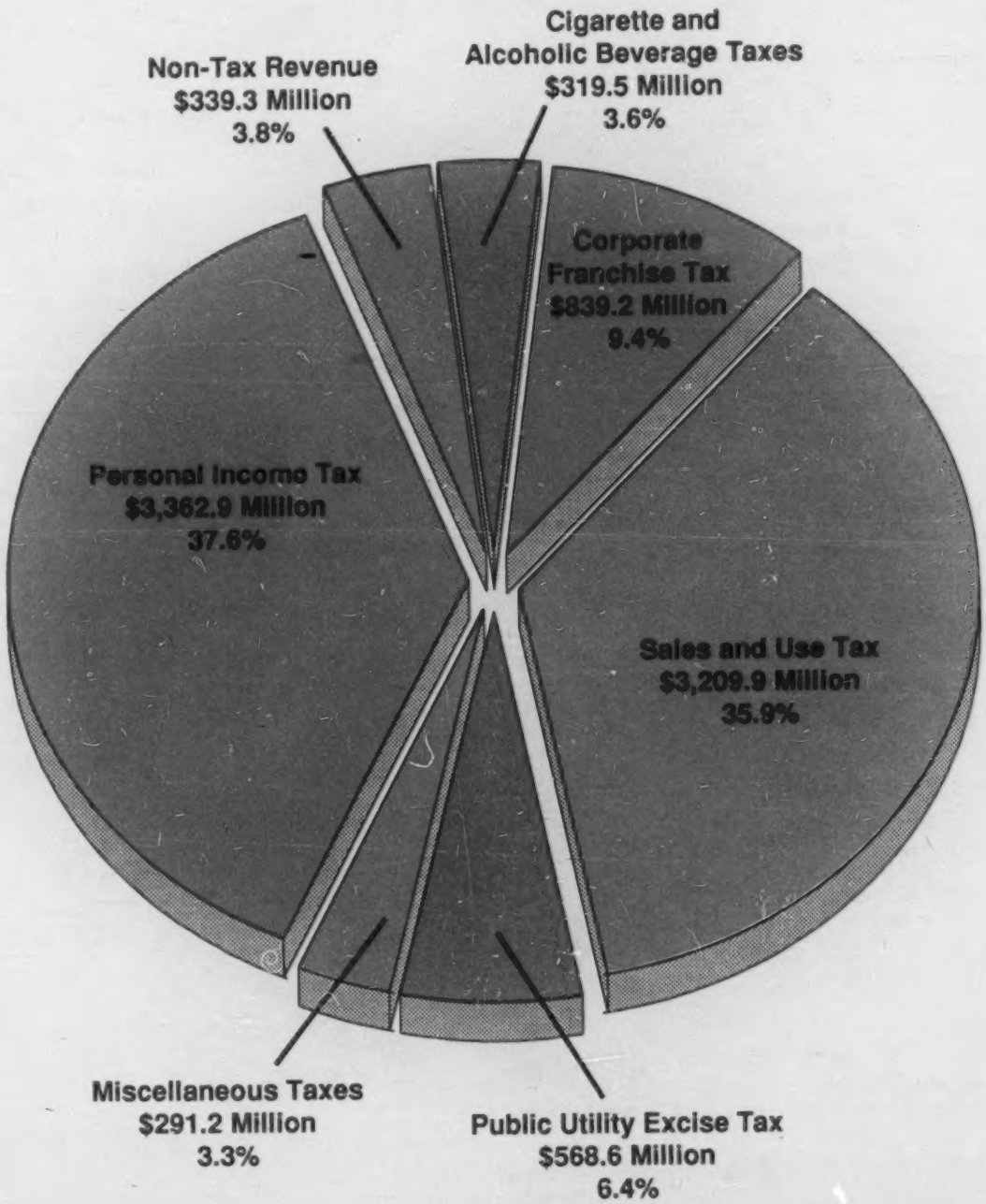
Revenue Source	FY 1988 Collections	
Personal Income Tax		$3,362,861,321
Sales and Use Tax		3,209,870,309
Corporation Franchise Tax		839,188,085
Public Utility Excise Tax		568,603,919
Cigarette Tax		215,648,822
Alcoholic Beverages Taxes		
Alcoholic Beverage Excise Tax	$43,649,600	
Liquor Gallonage Tax	23,258,226	
Liquor Profits	37,000,000	
Total		$103,907,826
Miscellaneous Taxes		
Domestic Insurance Tax	$35,854,882	
Estate Tax	45,218,322	
Foreign Insurance Tax	198,669,551	
Horse Racing Tax	3,567,269	
Intangible Personal Property Tax[a]	0	
Other Taxes	7,934,052	
Total		$291,244,076
Non-Tax Revenue		
Earnings on Investments	$50,271,823	
Lottery	231,637,963	
Miscellaneous[b]	57,353,939	
Total		$ 339,263,725
GRAND TOTAL		$8,930,588,083

NOTE: All amounts are after refunds.

(a) Repealed after tax year 1985.
(b) Includes certain transfers out of General Revenue Fund.

Source: Ohio Office of Budget and Management.

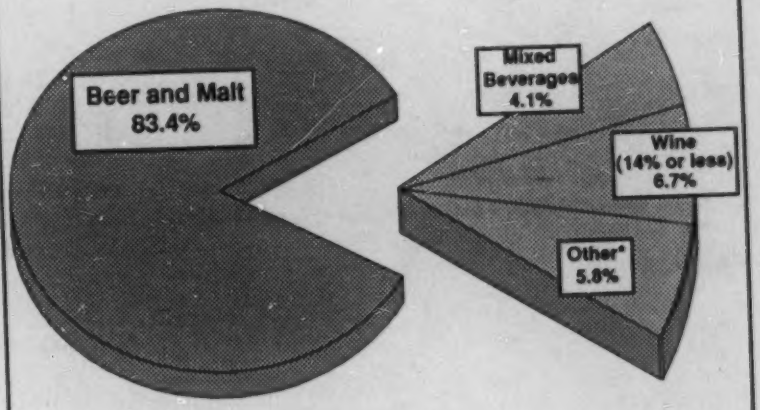
FIGURE 1
GENERAL REVENUE FUND SOURCES
FISCAL YEAR 1988
(Excluding Federal Aid)
TOTAL: $8,930.6 million



ALCOHOLIC BEVERAGE TAXES

The Ohio Department of Taxation and the Department of Liquor Control share responsibilities for the administration of the laws regarding alcoholic beverages. The Department of Liquor Control, which includes the Liquor Control Commission: (1) is in charge of issuing, suspending, and revoking permits to manufacture, distribute, and sell all alcoholic beverages; (2) operates a system of state liquor stores for the sale of spirituous beverages (liquors containing more than 21% alcohol by volume) to individuals and to holders of permits authorizing the sale of spirituous liquor; and (3) grants permits for and controls all phases of manufacturing, distribution, and sale of alcoholic beverages in Ohio.

Alcoholic Beverage Tax Liabilities, by Beverage
Fiscal Year 1988 Total – $44.7 Million



*Other includes wine (14% or more), vermouth, and sparkling wine.

The Department of Taxation is involved mainly in the administration of the taxes on non-spirituous beverages (beer, malt beverages, wine, mixed beverages, and brewers wort and malt). This section of the Annual Report covers only the role of the Department of Taxation.

Before the repeal of Prohibition in 1933, the states played a secondary role to the federal government in regulating the sale of alcoholic beverages. However, after Prohibition was repealed, the states gained predominance. That same year, Ohio created the Department of Liquor Control and enacted tax levies on beer, wine and other non-spirituous beverages. Since 1933, there have been amendments to the law including excise tax increases and imposing the state sales tax on beer, malt beverages, wine, and mixed beverages.

Receipts from the excise taxes on beer, malt beverages, wine, and mixed beverages were $43.2 million in fiscal year 1988, the same as fiscal year 1987. Three cents out of the tax on each gallon of wine is designated for research and study of grapes and grape products under the direction of the Ohio Grape Industries Committee.

TAX BASE:

Sale by volume of the following non-spirituous beverages (R.C. 4301.01):

Type of Product	Definition
Beer, Malt Liquor (or malt beverage)	Brewed or fermented malt product containing not less than 0.5% and not more than 6.0% alcohol by weight.
Wine (including sparkling wine and vermouth)	Fermented juices of grapes, fruits or other agricultural products and containing not less than 4% and not more than 21% of alcohol by volume.
Mixed Beverages	Mixture of wine or distilled spirits with carbonated or non-carbonated flavoring materials and containing not less than 5% and not more than 21% of alcohol by volume.
Malt	Liquid, solid, or extract made from cereal grains.
Brewers Malt	Liquid malt containing less than 15% solids by weight.

RATES:

Type of Product	Revised Code Section	Unit of Measure	Tax Rate
Beer and malt beverages in bottles or cans	4301.42	6 oz. or fractional part thereof	0.75 cent[a]
Beer and malt beverages	4305.01	31 gallons	$2.50
Wine (containing alcohol 5% by weight to 14% by volume)	4301.43 4301.432	Gallon	26 cents

RATES: (cont'd)

Type of Product	Revised Code Section	Unit of Measure	Tax Rate
Wine (containing alcohol 14% to 21% by volume)	4301.432	Gallon	62 cents
Vermouth	4301.43 4301.432	Gallon	77 cents
Sparkling and Carbonated Wine and Champagne	4301.43 4301.432	Gallon	$1.27
Mixed Beverages	4301.43	Gallon	80 cents
Malt	4309.04	One pound or fractional part thereof	3 cents
Brewers Wort	4309.04	Gallon	10 cents

(a) The rate on bottles and cans having 12 ounces or less of liquid content is 1/8 of 1 cent per ounce.

TAXPAYER:

Type of Product	Revised Code Section	Taxpayer
Bottle and Canned Beer and Malt Beverages	4301.42	Manufacturer, Bottler, Canner, or Wholesale Dealer
Barrel Beer	4305.01	Manufacturer or Consignee
Wine	4301.43	Manufacturer, Bottler or Wholesale Dealer
Mixed Beverages	4301.43	Manufacturer, Wholesale Dealer or Retail Dealer
Malt and Brewers Wort	4309.051	Wholesale Dealer or Retail Dealer

PAYMENT DATES (R.C. 4303.33):

Beer and malt beverages permit holders:

Advance payment: On or before the 18th of each month for that month's estimated tax liability.

Monthly payment: On or before the 10th of each month for the balance of the previous month's tax liability after advance payment credits.

Wine and mixed beverage permit holders:

Monthly payment: On or before the 18th of each month for the previous month's tax liability.

Malt and brewers wort:

Monthly payment: On or before the 10th of each month for the previous month's tax liability.

DISCOUNTS AND ADDITIONAL CREDITS (R.C. 4303.33):

Discounts and additional credit are in consideration for collection and timely payment of tax liability by permit holders.

Beer and malt beverage permit holders:

Advance pay credit: 3% of the amount of tax received by the Treasurer of State by the 18th day of the month for which the tax is paid.

Discount: On the balance of tax due (after the advance payment) if received by the Treasurer of State by the 10th day of the following month, the smaller of the following: 0.3% of the amount of the advance payment, or 3% of the net amount of tax due after deducting the advance payment.

Wine and mixed beverage permit holders:

3% discount on the amount of monthly payment if the payment is received on or before the 18th of the month for the previous month's tax liability.

EXEMPTIONS AND REFUNDS (R.C. 4301.23, 4303.332, 4303.333, 4307.05):

1. Sacramental wine used in religious rites.
2. Any licensed Ohio brewer whose total production, wherever produced, does not exceed 31,000,000 gallons in a calendar year will receive a credit against his excise tax the following year and a refund on any excise tax paid during the current year on up to 9,300,000 gallons of beer distributed in Ohio.
3. Any licensed Ohio wine producer whose sales in Ohio do not exceed 500,000 gallons in a calendar year will be granted an exemption from the excise tax during the following year and a refund on any excise tax paid during the current year.

DISPOSITION OF REVENUE (R.C. 924.5l-924.55, 4301.43, 4301.432, 4301.46, 4305.01, 4307.02, 4309.04):

Grape Industries Special Account: 3 cents per gallon of the excise tax levied on wine is paid into this account to provide funds for research, development, and marketing of grape products in Ohio.

General Revenue Fund: Remainder of excise tax levied on wine and all of the excise tax levied on beer, malt beverages, mixed beverages, wort and malt.

OHIO REVISED CODE CITATIONS:

Chapters 924, 4301, 4303, 4305, 4307, 4309.

Table 9
ALCOHOLIC BEVERAGE TAX PAYMENTS AND CREDITS, FISCAL YEAR 1988

Type of Beverage	Gross Tax	Credits and Discounts	Net Tax Receipts
Beer and Malt Beverage			
Advance Tax Payments	$28,762,723	$877,272	$27,885,451
Payment with Return	7,928,691	65,994	7,862,697
Other Payments	529	--	529
Total	$36,691,943	$943,266	$35,748,677
Wine and Mixed Beverages			
Payment with Return	$7,640,821	$215,817	$7,425,004
Other Payments	2,175	--	2,175
Total	$7,642,996	$215,817	$7,427,179
Brewers' Wort and Malt			
Payment with Return	39	--	39
Grand Total	$44,334,978	$1,159,083	$43,175,895

Table 10
ALCOHOLIC BEVERAGE TAX LIABILITY, AS REPORTED ON RETURNS, FISCAL YEARS 1986, 1987, AND 1988

	Amount of Tax Liability		
Type of Beverage	1986	1987	1988
Beer and Malt Beverage	$35,817,518	$36,356,283	$37,325,980
Wine 14% or less alcohol	3,321,351	3,178,920	3,008,199
Wine 14-21% alcohol	1,343,475	1,406,083	1,462,972
Mixed Beverages	1,329,531	1,667,836	1,795,302
Vermouth	141,136	137,969	148,541
Sparkling Wine	1,080,361	1,025,841	955,714
Total	$43,033,372	$43,772,932	$44,696,708

Note: Amounts represent tax liability as opposed to tax payments in Table 9.

CIGARETTE TAX

An excise tax on cigarettes has been levied in Ohio since 1931. From an initial tax of two cents per pack, the rate was increased gradually over the years until it reached fifteen cents per pack in 1971. This rate remained in effect until 1981, when it was reduced to fourteen cents. At that time, however, cigarettes became subject to the Ohio sales tax. The rate increased to 18 cents per pack at the beginning of fiscal year 1988.

The excise tax on cigarettes is made up of two separate levies on each cigarette: one levy of .85 cent and the other .05 cent for a total of 0.9 cent per cigarette, or 18 cents per standard package of 20 cigarettes. The tax is paid primarily by wholesale dealers through the purchase of stamps or meter impressions (tax indicia) that are affixed to cigarette packs. The Ohio Tax Commissioner may authorize dealers to purchase the tax indicia on credit payable within thirty days. Over 80% of the tax stamps and meter impressions are purchased on a credit basis. Retailers, individuals, and other consumers are responsible for paying the tax on cigarettes not taxed at the wholesale dealer level.

The .85 cent levy is credited to the state general revenue fund while receipts from the .05 cent tax are earmarked for retirement of educational, recreational, and public building construction bonds. In fiscal year 1988, total receipts were $231.5 million.

TAX BASE:

The sale of cigarettes in Ohio (R.C. 5743.02, 5743.023).

The use, consumption, or storage for consumption of cigarettes in Ohio (R.C. 5743.32, 5743.322).

RATES:

Although the tax enacted applies to each cigarette, the rates below are in terms of packs of 20 and 25 cigarettes.

Ohio Revised Code Section	Tax Rate Per Pack of 20	Tax Rate Per Pack of 25
5743.02 (Sale), 5743.32 (Use)	17 cents	21.25 cents
5743.023 (Sale), 5743.322 (Use)	1 cent	1.25 cents
Total Rate Per Pack	18 cents	22.50 cents
5743.024 (County Permissive)	Up to 4.5 cents	Up to 5.625 cents

EXEMPTION (R.C. 5743.05):

Cigarettes sold in interstate or foreign commerce or to United States appropriated fund activities.

TAXPAYER (R.C. 5743.01):

Wholesale Dealer: Those who purchase cigarettes directly from manufacturers, producers, importers, and other wholesalers who then sell cigarettes to others (retailers) for the purpose of resale.

Retail Dealer: Includes everyone, other than a wholesale dealer, engaged in the sale of cigarettes. Retailer dealers must remit the tax on any cigarettes not previously taxed.

Persons: Individuals, companies, and other consumers who have cigarettes in their possession on which the excise tax has not been paid.

METHOD OF TAX PAYMENT:

Over 80% of the cigarette excise tax is paid through credit purchases of stamp and meter impressions and almost 20% by cash payment. When it is more practicable to collect the tax without the use of stamps or meter impressions (for example, manufacturers' gift samples), the tax is paid with returns or by direct payment to the Ohio Treasurer of State.

Method of Payment	Ohio Revised Code Section	Description of Payment
Credit Payment	5743.05	The Tax Commissioner may authorize wholesale dealers to purchase stamps and meter impressions on credit payable within thirty days. For out-of-state dealers, this applies only if that state allows Ohio dealers the same credit.
Cash Payment	5743.03	Dealers are required to pay for stamps and meter impressions at the time of purchase unless they have been authorized to make credit purchases.
Direct Payment	5743.33	Direct payments are made primarily by manufacturers on gift samples of cigarettes, but also include assessments and deficiency payments, and voluntary payments by consumers.

TAX RETURN DATES:

Wholesale dealers are required to file a semi-annual return even though they may have paid all their tax through the purchase of stamps and meter impressions. Any payment due on cigarettes not previously taxed is included.

Others who have untaxed cigarettes file a monthly use tax return along with their tax.

TAX RETURN DATES: (cont'd)

Type of Return	Filing Date	Revised Code Section	Taxpayer
Semi-annual	By July 31 for the preceding January - June period. By January 31 for the preceding July - December period.	5743.03	Wholesale dealers
Monthly	By the 15th of each month for the preceding month.	5743.33	Use tax returns

DISCOUNT (R.C. 5743.05):

As a consideration for affixing and cancelling cigarette stamps and meter impressions, retail and wholesale dealers receive a discount of 3.6% of 17/18 of the face value of stamps and meter impressions whether purchased for cash or on credit. The discount does not apply to use tax return payments.

SPECIAL PROVISIONS (R.C. 5743.024):

Counties may, with voter approval, levy a permissive cigarette tax of up to 2.25 mills per cigarette. The levy must specify the purposes of the permissive levy revenue.

DISPOSITION OF REVENUE:

Tax Rate	Revised Code Section	Disposition of Revenue
0.85 cent per cigarette	5743.02	State General Revenue Fund
0.05 cent per cigarette	5743.023	Payment for retirement of bonds issued pursuant to Article VIII, Section 2f of the Ohio Constitution

OHIO REVISED CODE CITATIONS:

Chapter 5743.

Table 11-A

CIGARETTE EXCISE TAX RECEIPTS
FISCAL YEAR 1988

Type of Payment	Gross Tax	Discount Allowed	Net Tax Collected
Credit Payments	$198,329,308	$6,675,136	$191,654,172
Cash Payments	40,717,001	1,370,405	39,346,596
Direct Payments	525,715	--	525,715
Total	$239,572,024	$8,045,541	$231,526,483

SOURCE: Treasurer of State.

Table 11-B

CIGARETTE EXCISE TAX RECEIPTS
FISCAL YEARS 1984-1988

Fiscal Year	Gross Tax	Discount Allowed	Net Tax Collected
1984	$190,340,286	$6,383,658	$183,956,628
1985	192,341,976	6,385,791	185,956,185
1986	191,056,666	6,372,887	184,683,779
1987	189,171,433	6,302,644	182,868,789
1988*	239,572,024	8,045,541	231,526,483

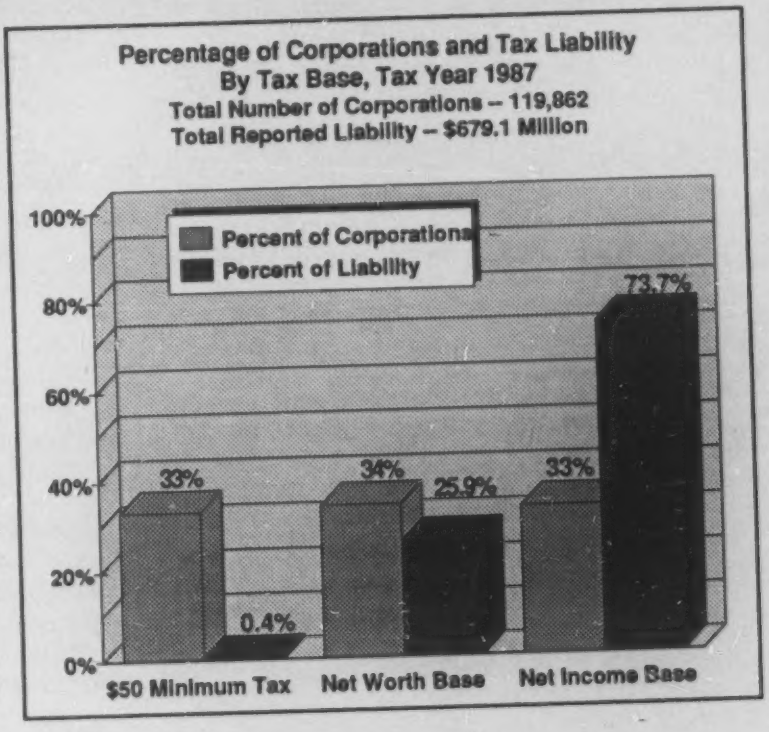
* Effective July 1, 1987, cigarette tax increased to 18 cents per packages of 20.

SOURCE: Treasurer of State.

CORPORATION FRANCHISE TAX

The Ohio corporation franchise tax has two alternative tax bases: a net worth base and a net income base. Corporations are required to compute their tax liability under each base and pay the higher of the two, except for financial institutions which compute their tax only on net worth. Net collections from the tax were $850.1 million in fiscal year 1988.

The tables in this section show data on the distribution of the corporation franchise tax among the alternative tax bases for various industrial classifications and tax liability classes. The data for these tables were taken from the franchise tax reports filed for tax year 1987. Nearly all such reports were filed in the period between January and May of 1987. Therefore, taxes from these reports were primarily collected during fiscal year 1987.



The total reported corporate franchise tax liability before surtax, litter tax and credits was $679.1 million. Including the surtax and litter tax increased the reported liability to $704.0 million, but tax credits reduced the net liability to $630.6 million. 73.7% of the total tax liability before credits was based on net income compared to 25.9% based on net worth. The remainder of the tax was either collected from the minimum tax or the proper tax base was not reported. While about 73.7% of the tax liability was based on net income, only about 33% of the corporations paid the tax on net income. About 34% of the corporations paid the tax based on net worth and another 33% paid the minimum tax. These data exclude the reports of financial institutions which are shown in the final table.

Financial institutions reported a total tax liability of $104.7 million for tax year 1987. Banks filed 56% of the returns and reported 81% of the total tax liability. Savings and loans filed 40% of the returns, but reported only 18% of the total tax liability. Other financial institutions accounted for the balance of the returns and tax liability.

TAX BASE (R.C. 5709.65, 5733.05, 5733.051):

The total value of the corporation's issued and outstanding shares of stock (corporations doing business only in Ohio), or the portion of the value of its issued and outstanding shares of stock attributable to Ohio (corporations doing business both inside and outside of Ohio) forms the base of the corporation franchise tax. Two alternative methods are provided for the measurement of this value:

1. Net Worth Base:

This is determined by computing the total book value of the corporation's capital, surplus, undivided profits, and reserves (unless excluded by statute -- see **"Exemptions and Exclusions"** section). For calendar year corporations, net worth is determined as of the end of the preceding calendar year; for fiscal year corporations, net worth is determined as of the end of the fiscal year ending in the preceding calendar year. The Ohio net worth of interstate corporations is apportioned to Ohio -- 50% on the basis of property owned and used in Ohio and 50% on the basis of business done in Ohio. (For sales of tangible personal

TAX BASE: (cont'd)

property, business done is determined by the final destination of the property sold; other sales are allocated according to their situs.) For interstate corporations, the formula for determining Ohio net worth is shown in Exhibit 1 (page 21).

2. **Net Income Base (Does not apply to financial institutions):**

This is determined by the corporation's Ohio net income (equal to the Ohio portion of federal taxable income with exclusions and additions required by state statute -- see **"Exemptions and Exclusions"** and **"Special Provisions"** sections). For calendar year corporations, net income is computed for the preceding calendar year; for fiscal year corporations, net income is computed for the fiscal year ending in the preceding calendar year. For corporations operating only in Ohio, the total net income of the corporation is attributable to Ohio. For interstate corporations, income is allocated or apportioned to Ohio as follows:

a. Allocable Income

The following types of income are allocated within or outside of Ohio on the basis of location, commercial situs, situs at time of sale, or location of business activity:

1) net rents and royalties from real and personal property;
2) capital gains and losses from the sale or other disposition of real, tangible, and dividend producing intangible property;
3) dividends;
4) net patent and copyright royalties (not representing principal source of gross receipts);
5) technical assistance fees.

b. Apportionable Income

Income from all non-allocable sources is apportioned to Ohio according to a three-factor formula with equally-weighted property and payroll factors and a double-weighted sales factor (unless Tax Commissioner approves or requires alternative method of apportionment). The formula and the three factors are shown in Exhibit 2 (page 21).

3. **Allocable and Apportionable Income:**

The sum of Ohio's allocable and apportionable income equals Ohio taxable net income to which the tax rate is applied.

RATES:

1. General Rates for all corporations except financial institutions (R.C.5733.06):

The tax rates for the two alternative tax bases are:

Net Worth -- 5.82 mills on the taxable value of the corporation; or

Net Income -- 5.1% on the first $25,000 of Ohio taxable income plus 8.9% on Ohio taxable income in excess of $25,000.

Corporations pay the greater of the two tax liabilities computed under the alternative tax bases, (after deducting credits)--with a minimum tax liability of $50 for all corporations.

2. Additional Litter Tax Rates (expire after tax year 1993) (R.C. 5733.065 and 5733.066):

a. The tax rates for the two alternative tax bases for all corporations except "litter stream corporations" and financial institutions are:

Net Worth -- 0.14 mill on the taxable value of the corporation; or

Net Income -- 0.11% on the first $25,000 of Ohio taxable income plus 0.22% on Ohio taxable income in excess of $25,000.

The additional tax charged any taxpayer or group of combined taxpayers under these rates is limited to a maximum of $5,000.

b. The litter tax rates for the two alternative tax bases for corporations manufacturing or selling "litter stream products"* are:

Net Worth -- 0.28 mill on the taxable value of the corporation; or

Net Income -- 0.11% on the first $25,000 of Ohio taxable income plus 0.44% on Ohio taxable income in excess of $25,000.

The additional tax charged any taxpayer or group of combined taxpayers under these rates is limited to a maximum of $10,000.

* "Litter stream products" include in general beverages, beverage containers and packaging, take-out food packaging, tobacco products, candy and gum.

3. Financial Institutions Rate (R.C. 5733.06):

Rate on net worth (net income base does not apply)--15 mills.

CREDITS (R.C. 5709.65, 5733.061, 5733.062, 5733.063, 5733.064):

Credits allowed are:

1. A credit equal to the difference between (1) the tangible property taxes actually paid in the taxable year on machinery and equipment used in manufacturing or refining and acquired in 1978 and thereafter; and (2) the taxes that would have been paid on such property if it had been assessed at 20% (this percentage will increase by one percentage point per year over the period from 1989-1993) of true value instead of the actual percentage. If this credit exceeds the franchise

CREDITS: (cont'd)

tax liability in any year, the excess credit may be carried forward to offset liability for the following 3 years.

2. A credit equal to 50% of cash donations for litter control made to municipalities, counties, and townships which qualify for grants from the litter control and recycling special account. This credit is limited to the lesser of cash donations or 50% of the additional tax liability from the litter tax rates. This credit expires after tax year 1993.
3. A credit for qualified non-retail corporations locating in "jobs and enterprise zones" equal to:
   a. the amount reimbursed to specified employees for the cost of day care services up to a maximum of $300 per child;
   b. the amount reimbursed to specified employees for training costs up to a maximum of $1,000 per employee.
4. A credit equal to the difference between the assessment paid by a state-chartered savings and loan association to the Division of Savings and Loans and the amount paid in supervisory fees to the Federal Savings and Loan Insurance Corporation (FSLIC) or in the case of an association not insured by the FSLIC, the amount it would have paid if so insured.

EXEMPTIONS AND EXCLUSIONS:

Corporations not subject to tax (R.C. 1733.43, 5733.01, 5733.09, and 5733.10):

1. Nonprofit corporations (except certain agricultural and consumer cooperatives);
2. Municipal corporations;
3. Public utilities subject to public utility excise tax;
4. Credit unions;
5. Dealers in intangibles subject to intangibles taxes imposed by R.C. 5707.03;
6. Corporations required to file annual reports with the superintendent of insurance;
7. "Real estate investment trust" and "regulated investment companies" as defined in the Internal Revenue Code;
8. Corporations electing treatment as "S" corporations under the Internal Revenue Code.

Assets excluded when computing the corporation's net worth (R.C. 5709.25, 5709.35, 5709.50, 5709.65, 5733.05, and 5915.29):

1. Certain valuation reserves;
2. Taxes due and payable;
3. Good will, appreciation, and abandoned property;
4. Specified investments in public utilities, insurance companies, and financial institutions in which the taxpayer has the ownership interests as required by statute (investments and business attributed to these companies are also eliminated in determining the property and business fractions for apportioning net worth);
5. Certified Ohio pollution control facilities;
6. Certain facilities designed to convert coal into other fuels or to desulphurize coal (assets excluded for 30 years);
7. Certified Ohio civil defense structures;
8. Certified Ohio energy conversion, thermal efficiency improvement, and solid waste energy conversion facilities;
9. Voting stock and participation certificates of production credit associations;
10. Land in Ohio valued for real estate tax purposes as land devoted exclusively to agricultural use;
11. Property within Ohio used exclusively for qualified research.

Exempt income and deductions from the net income base (R.C. 5733.04, 5709.35):

1. Certain income from sources outside the United States;
2. Specified dividends from other corporations;
3. Dividends received from public utilities, insurance companies, and financial institutions in which the taxpayer has the ownership interests required by statute (receipts from these companies are eliminated in determining the sales factor for apportioning net income);
4. Gains from the sale of capital assets where such gains occurred prior to addition of income base (losses from such sales may not be deducted from income);
5. Income arising from facilities designed to convert coal into other fuels, to desulphurize coal, or as a coal research and development project (exempt for 30 years);
6. Amount of payroll excluded for the federal "targeted jobs credit";
7. Net interest income on obligations of the federal government.
8. Net operating loss carried forward from prior years. Losses incurred in taxable years ending after 1981 may be carried forward fifteen consecutive taxable years. There is no carryback provision.

TAXPAYER (R.C. 5733.01):

Corporate franchise tax is imposed on all domestic corporations organized for profit under Ohio law, except corporations which are exempted by statute. The tax must also be paid by nonprofit agricultural and consumer cooperatives which are organized under Chapter 1729 of the Ohio Revised Code. All foreign corporations organized for profit which are doing business in Ohio, or authorized to do business in Ohio, must also pay the corporate franchise tax. The tax is imposed for the privilege of doing business in Ohio during the year in which the tax is payable.

PAYMENT DATES (R.C. 5703.47, 5733.02, 5733.021, 5733.13):

January 31 -- By this date, the corporation must file either the annual report and make full payment of the tax due, or an estimated report of its full tax liability and pay one-third of that estimated liability. If the estimated full tax liability is less than the minimum tax of $50, the corporation must make full payment of $50.

March 31 -- By this date, the corporation must file either the annual report and pay the difference between its full liability and first estimated payment, or it must file a timely extension request and pay another one-third of its estimated tax liability.

May 31 -- By this date, a corporation which received an extension of time for filing past March 31 must either file the annual report and pay the difference between its full liability and its estimated payments made earlier, or pay the remaining one-third of its estimated tax liability (if it is granted an extension for filing past May 31). A corporation receiving this extension must file its annual report and pay any remaining tax liability by the 15th day of the month following the final due date for filing its federal corporation income tax return.

The interest rate charged on any underpayment of estimated tax payments in a year is based on the average federal short term rate in effect in July of the previous year plus three percentage points.

DISPOSITION OF REVENUE (R.C. 5733.12):

The amount appropriated annually for administration of the "litter" tax is credited to the litter control and recycling tax administration account. In addition, $5 million is credited to the litter control and recycling account every six-month period through June, 1991. 4.5% of corporate franchise receipts are credited to the Local Government Fund (prior to February, 1988 this percentage was 15.4%). Remaining revenue is credited to the state General Revenue Fund.

OHIO REVISED CODE CITATIONS:

Chapter 5733.

ADMINISTRATIVE FEATURES (R.C. 5733.02, 5733.11, 5733.052):

1. Shared Administration:

   Although tax payments and annual reports of corporations are filed with the Treasurer of State, the Tax Commissioner is principal administrator of the tax, with the Treasurer acting as collector of the tax. All corporate franchise reports received by the Treasurer are transmitted to the Commissioner showing the amount of tax remitted with the report and the date it was received. If a corporation required to file a report fails to file the report within the prescribed time, files an incorrect report, or fails to remit the full amount of the tax due, the Commissioner may make an assessment against the corporation for the tax due.

2. Combined Report:

   When more than half of the capital stock with voting rights of a corporation is owned or controlled by another corporation, the Tax Commissioner is authorized to permit or require the combining of net income for purposes of calculating the tax base. Two or more corporations subject to the tax which meet the above ownership requirements may elect to file a combined report if the combination sets forth the information required by the Commissioner and each of the corporations has non-dividend income from sources within Ohio. Once made, this election may not be changed by the taxpayer without the Commissioner's consent. (See Tax Commissioner Rule 5703-5-06).

SPECIAL PROVISIONS (R.C. 5733.041):

A portion of the depreciation deduction is required to be added back to net income. The amount added back equals 25% of the depreciation deduction allowed under Section 168 of the Internal Revenue Code (Accelerated Cost Recovery System Depreciation). One-fifth of the depreciation added back to net income may be deducted from net income in each of the next 5 tax years if tax was paid on the net income basis in the year the depreciation was added back. (See also Senate Bill 417 under "RECENT LEGISLATION.")

RECENT LEGISLATION:

Senate Bill 417, effective March 13, 1987.

R.C. 5733.041: Phases out percentage of ACRS depreciation deduction added back to net income. Starting with tax year 1989 the percentage added is reduced by five percentage points for each year (20% in 1989; 15% in 1990; 10% in 1991; 5% in 1992) until reaching to zero in 1993. One-fourth of the amount added back in tax year 1989 may be deducted in each of the following four years. For tax year 1990 one-third of the amount added back may be deducted in each of the following three years. For tax year 1991, one-half of the amount added back may be deducted in each of the next two years. For tax year 1991, the amount added back may be deducted in the following year.

House Bill 231, effective October 5, 1987.

R.C. 5703.47: Changes the interest rate applied to underpayments and overpayments to the "federal short term rate" for July (rounded to the nearest percent) plus three percentage points. This rate is used for the following year.

R.C. 5733.067: A corporation is allowed a credit against the franchise tax if it owns more than 50% of the capital stock of another corporation and both it and the subsidiary corporation pay the tax on the net worth basis. The credit equals the lesser of the following:

(1) The tax charged on the portion of the corporation's net worth represented by investments in and advances to its subsidiaries.
(2) The amount by which the corporation's net worth tax exceeds its tax computed on net income.
(3) The amount by which the tax on net worth of its subsidiaries exceeds the tax computed on their net income.

The credit is phased in beginning in 1990 by multiplying the lesser of the above amounts by the following percentage.

Tax Year	Percentage
1990	25%
1991	50%
1992	75%
1993	100%

R.C. 5733.28: Revises existing penalties and adds new franchise tax penalties for late filing, etc.

RECENT SIGNIFICANT COURT DECISIONS:

American Agency, Inc. v. Limbach (July 21, 1987), BTA No. 85-E-742. Where a truck fleet insurer has one office located in Ohio and none outside of Ohio, the revenue from the sales of insurance policies to out-of-state customers is includable in the numerator of the apportionment formula sales factor.

Eaton-Kenway, Inc. v. Limbach (November 23, 1987), BTA Case No. 85-G-655. When a corporation's books reflect certain stock values which the corporation contends are erroneous, the contention will not be allowed without a showing that the corporate books were properly adjusted.

Croy Lumber Co. v. Limbach (December 22, 1987), BTA Case No. 86-H-1384. The amount of deferred gain on an installment sale may be offset by a reserve for bad debt on that sale only if transactions supporting the amounts appear in the annual report of the taxable year and not thereafter.

Hi-Way Paving, Inc. v. Limbach (December 31, 1987), 10th App. Dist. Case No. 86-AP-928. A highway paving contractor with headquarters in Ohio which bids on jobs in other states, establishes field offices at the out-of-state job sites where the work is coordinated, hires local temporary workers for 30-40% of the positions, pays on-site with checks drawn on an Ohio bank, has a "base of operations" in Ohio. Therefore, the amount of the payroll is includable in the numerator and denominator of the payroll factor.

Phillips Industries, Inc. v. Limbach (January 11, 1988), BTA Case No. 87-J-817. Where the final determination on an assessment is not issued until after the prescribed refund period of limitations, and the taxpayer at that point requests amounts paid on that cancelled assessment be applied to a subsequent assessment, such refund will be granted.

Loral Corporation v. Limbach (February 23, 1988), BTA Case Nos. 85-C-914 & 915. For purposes of both net worth and net income determination, sales are not apportioned to Ohio when the taxpayer's out-of-state facility manufactures parts and ships them to the purchaser at an in-state location, and the parts are then shipped by the purchaser to the place of use.

RECENT SIGNIFICANT COURT DECISIONS: (cont'd)

Early & Daniel Co. v. Limbach (1988), 35 Ohio St. 3d 35. The only physical assets of a wholly-owned corporation which paid dividends to the taxpayer were a desk and chair located out-of-state. It was found that because these assets were fully depreciated and had no book value, the dividends were includable in the net income determination.

Storer Communications, Inc. v. Limbach (1988), 37 Ohio St. 3d 193. A television broadcasting company selling air time to national networks, with solicitation of such sales principally in an out-of-state location, does not need to allocate such sales to Ohio in its net income determination.

Lancaster Colony Corp. v. Limbach (1988), 37 Ohio St. 3d 198. The payroll factor of the net income determination may not (without modification based on a case-by-case approval) contain commissions paid to independent contractors.

Hoover Company v. Limbach (May 9, 1988), Stark Co. App. No. CA-7385. The definition of "net foreign source income" in the Internal Revenue Code does not control the meaning of that term in the Ohio Revised Code if the foreign source income tax credit limitation is irrelevant to the taxpayer's federal tax liability.

EXHIBIT 1

Net Worth Tax Base Formula

$$\text{Taxable Value} = \left(\frac{\text{Book Value of Ohio Property}^*}{\text{Book Value of Total Property}^*} \times \frac{\text{Share Value}}{2}\right) + \left(\frac{\text{Ohio Business}}{\text{Total Business}} \times \frac{\text{Share Value}}{2}\right)$$

* Excludes value of pollution control, coal conversion, solid waste energy conversion, thermal efficiency improvement and energy conversion facilities, goodwill, appreciation, qualified property in an enterprise zone, and property used exclusively for qualified research.

EXHIBIT 2

Net Income Tax Base
(Does not apply to financial institutions)

1. Net Income Apportionment Formula:

$$\text{Ohio Apportioned Net Income} = \text{Total Net Corporation Apportionable Income} \times \frac{\text{Property} + \text{Payroll} + \text{Sales} + \text{Sales Factors}}{4^*}$$

* Reduced by number of factors with a denominator of zero.

2. The factors are computed as follows:

$$\text{Property Factor}^* = \frac{\text{Average cost of owned or rented real and tangible personal property used in business in Ohio}}{\text{Average cost of such property used everywhere}}$$

$$\text{Payroll Factor}^{**} = \frac{\text{Total compensation paid in Ohio}}{\text{Total compensation paid everywhere}}$$

$$\text{Sales Factor}^{***} = \frac{\text{Sales in Ohio}}{\text{Sales everywhere}}$$

* Excludes cost of pollution control, coal conversion, solid waste energy conversion, thermal efficiency improvement, energy conversion facilities, property that generates rental income, property in a qualified facility in an enterprise zone, and property used exclusively for qualified research in Ohio.

** Excludes compensation to certain employees at a qualified facility in an enterprise zone, and compensation to employees engaged in qualified research in Ohio.

*** For sales of tangible personal property, sales inside and outside of Ohio are determined by the final destination of the property sold; other sales are situsedaccording to where the income-producing activity takes place. Sales derived from allocable income are not included in this factor.

Table 12

CORPORATE FRANCHISE TAX COLLECTIONS, FISCAL YEARS 1984-1988

Fiscal Year	Gross Tax Collections	Refunds	Net Tax Collections
1984	$713,850,212	$57,423,435	$656,426,777
1985	831,361,296	98,695,314	732,665,982
1986	883,517,006	81,348,121	802,168,885
1987	887,646,144	90,863,486	796,782,658
1988	938,052,410	87,918,181	850,134,229

SOURCE: Ohio Office of Budget and Management.

Table 13

NUMBER OF CORPORATIONS, BY TAX BASE AND INDUSTRY, TAX YEAR 1987

Industry	Number of Corporations by Tax Base				
	Minimum	Net Worth	Net Income	Not Reported (a)	Total
Agriculture & Forestry	92	118	91	0	301
Mining	569	736	268	3	1,576
Construction	3,289	3,278	3,444	15	10,026
Manufacturing	3,338	6,078	5,607	61	15,084
Transportation	1,411	1,321	1,404	10	4,146
Wholesale Trade	2,401	3,599	3,605	21	9,626
Retail Trade	4,615	6,209	6,012	25	16,861
Finance	4,426	4,962	3,684	13	13,085
Service	9,241	9,192	10,716	40	29,189
Unknown(b)	9,876	5,276	4,763	53	19,968
Total	39,258	40,769	39,594	241	119,862

(a) Data as initially supplied by taxpayers were insufficient to determine the proper tax base for these corporations.
(b) Industry classification was not indicated by taxpayer.

Table 14

NUMBER OF CORPORATIONS, BY TAX BASE AND TAX LIABILITY CLASS, TAX YEAR 1987

Tax Liability Class	Number of Corporations by Tax Base				
	Minimum	Net Worth	Net Income	Not Reported (a)	Total
Minimum	39,258	--	--	--	39,258
$ 50 - 1,000	--	23,116	9,829	72	33,017
1,000 - 2,000	--	5,900	6,200	29	12,129
2,000 - 3,000	--	4,844	5,800	26	10,670
3,000 - 4,000	--	2,035	3,144	19	5,198
4,000 - 5,000	--	1,081	2,676	12	3,769
5,000 - 10,000	--	688	1,847	9	2,544
10,000 - 15,000	--	1,369	4,563	9	5,941
15,000 - 20,000	--	480	1,589	2	2,071
20,000 - 25,000	--	299	835	4	1,138
25,000 - 30,000	--	174	533	1	708
30,000 - 35,000	--	124	372	2	498
35,000 - 50,000	--	196	649	13	858
50,000 - 100,000	--	245	838	16	1,099
100,000 - 200,000	--	82	264	6	352
200,000 - 500,000	--	100	334	11	445
$500,000 & Over	--	36	121	10	167
Total	39,258	40,769	39,594	241	119,862

(a) Data as initially supplied by taxpayers were insufficient to determine the proper tax base for these corporations.

TABLE 15

REPORTED TAX LIABILITY, BY TAX BASE AND INDUSTRY, TAX YEAR 1987

Industry	Tax Liability Before Surtax and Credits By Tax Base: Minimum	Net Worth	Net Income	Not Reported(a)	Total	Surtax	Litter Tax - Tier 1(b)	Litter Tax - Tier 2(b)	Tax Credits	Litter Credits	Liability After Credits
Agriculture & Forestry	$ 4,700	$ 209,176	$ 389,600	--	$ 603,476	$ 10,542	$ 17,024	$ 327	$ 48,557	--	$ 591,190
Mining	44,500	6,967,387	8,597,736	$ 310,872	15,920,495	233,398	211,036	11,599	529,450	--	15,847,229
Construction	190,866	5,086,248	18,138,604	331,938	23,747,656	500,045	511,749	14,872	281,765	572	24,505,581
Manufacturing	249,284	88,681,313	242,304,182	5,935,051	337,169,830	6,805,754	4,132,614	252,118	73,653,302	231,997	279,535,004
Transportation	168,100	6,562,553	21,142,695	1,393,450	29,266,798	636,100	472,578	14,991	122,659	--	30,268,434
Wholesale Trade	146,780	12,094,173	43,796,355	583,734	56,621,042	1,220,487	1,093,557	90,761	1,207,103	3,100	57,912,370
Retail Trade	299,805	12,311,583	63,805,126	2,653,857	79,070,371	1,844,841	1,312,328	219,863	278,042	479	82,171,141
Finance	335,122	18,012,500	26,306,776	642,252	45,296,650	729,093	820,156	41,977	991,193	12	45,945,896
Service	601,812	11,438,112	43,890,794	1,349,836	57,280,554	1,182,478	1,125,062	53,065	253,583	235	59,404,145
Unknown(c)	742,355	10,816,075	21,743,475	811,513	34,113,418	620,333	671,640	75,043	1,181,607	2,293	34,405,859
Total	$2,783,324	$172,179,120	$490,115,343	$14,012,503	$679,090,290	$13,783,071	$10,367,744	$774,616	$78,547,261	$238,688	$630,587,449

(a) Data as initially supplied by taxpayers were insufficient to determine the proper tax base for these corporations.

(b) Tier 1 of litter tax is paid by all corporations. Tier 2 of litter tax is paid by only "litter stream" corporations.

(c) Industry classification was not indicated by taxpayer.

TABLE 16

REPORTED TAX LIABILITY, BY TAX BASE AND TAX LIABILITY CLASS, TAX YEAR 1987

Tax Liability Class	Minimum	Net Worth	Net Income	Not Reported(a)	Total	Surtax	Litter Tax - Tier 1(b)	Litter Tax - Tier 2(b)	Tax Credits	Litter Credits	Tax Liability After Credits
Minimum	$2,783,324	--	--	--	$ 2,783,324	$ 418	$ 23,507	$ 11,543	$ 1,199,496	$ 12	$ 2,817,819
$ 50 - $ 1,000	--	$ 19,450,596	$ 21,863,796	$ 6,833	41,321,225	591,059	302,670	15,029	39,816,500	218,645	6,335,721
1,000 - 2,000	--	4,388,208	4,412,578	21,356	8,822,142	130,352	221,785	10,810	399,752	572	8,784,760
2,000 - 3,000	--	7,060,064	7,949,306	37,469	15,046,839	235,289	358,694	22,785	630,373	--	15,033,236
3,000 - 4,000	--	5,112,696	7,610,096	47,842	12,770,634	246,703	303,184	20,700	532,838	--	12,826,607
4,000 - 5,000	--	3,852,308	9,090,886	42,572	12,985,766	253,612	306,037	13,933	456,614	3,732	13,099,055
5,000 - 10,000	--	3,168,666	8,026,934	41,211	11,236,811	236,644	268,379	18,042	392,099	2,235	11,365,543
10,000 - 15,000	--	9,930,138	31,181,615	63,116	41,174,869	867,425	985,644	72,305	1,449,576	7,233	41,643,437
15,000 - 20,000	--	6,156,747	18,907,939	22,826	25,087,512	518,778	644,903	73,617	1,135,485	138	25,189,190
20,000 - 25,000	--	5,654,675	14,083,921	63,660	19,802,256	402,212	484,244	33,277	1,014,676	--	19,707,315
25,000 - 30,000	--	4,106,422	11,707,772	23,499	15,837,693	321,332	365,283	13,644	732,145	479	15,805,328
30,000 - 35,000	--	3,742,039	10,010,514	52,653	13,805,206	273,955	319,083	14,086	737,326	--	13,675,006
35,000 - 50,000	--	7,596,850	23,342,806	518,852	31,458,508	665,674	729,712	32,873	1,469,722	--	31,417,050
50,000 - 100,000	--	17,079,017	52,439,861	1,078,675	70,597,553	1,452,819	1,587,752	102,216	3,404,927	500	70,338,501
100,000 - 200,000	--	10,179,172	30,732,963	757,956	41,670,091	858,657	903,087	83,236	1,935,211	140	41,579,243
200,000 - 500,000	--	28,265,108	83,094,381	2,819,460	114,178,949	2,349,659	1,853,163	155,139	6,361,959	2,500	112,172,933
$500,000 & Over	--	36,436,414	155,659,975	8,414,523	200,510,912	4,378,483	710,617	81,381	16,878,562	2,502	188,796,705
Total	$2,783,324	$172,179,120	$490,115,343	$14,012,503	$679,090,290	$13,783,071	$10,367,744	$774,616	$78,547,261	$238,688	$630,587,449

(a) Data as initially supplied were insufficient to determine the proper tax base for these corporations.

(b) Tier 1 of litter tax is paid by all corporations. Tier 2 of litter tax is paid by only "litter stream" corporations.

Table 17

NUMBER OF MANUFACTURING CORPORATIONS BY TAX BASE AND INDUSTRY CLASSIFICATION, TAX YEAR 1987

Industry	Number of Corporations by Tax Base				
	Minimum	Net Worth	Net Income	Not Reported (a)	Total
Food	209	383	358	3	953
Tobacco Manufactures	2	4	6	--	12
Textile Mill Products	18	29	36	--	83
Apparel and Other Textiles	59	89	80	4	232
Lumber and Wood Products	83	163	201	1	448
Furniture and Fixtures	66	90	106	--	262
Paper	71	162	159	2	394
Printing and Publishing	295	455	587	6	1,343
Chemicals	192	417	354	8	971
Petroleum and Coal	33	64	40	--	137
Rubber and Plastics	218	304	371	6	899
Leather Products	14	25	18	--	57
Stone, Clay & Glass Products	130	260	231	1	622
Primary Metal	121	198	127	2	448
Fabricated Metal	714	1,531	1,438	13	3,696
Machinery (non-electrical)	361	734	535	4	1,634
Electrical Machinery	317	462	382	5	1,166
Transportation Equipment	121	156	134	1	412
Instruments and Related Products	87	157	104	2	350
Miscellaneous Manufacturing	227	395	340	3	965
Total	3,338	6,078	5,607	61	15,084

(a) Data as initially supplied by taxpayers were insufficient to determine the proper tax base for these corporations.

Table 18

NUMBER OF MANUFACTURING CORPORATIONS BY TAX BASE AND TAX LIABILITY CLASS, TAX YEAR 1987

Tax Liability Class	Number of Corporations by Tax Base				
	Minimum	Net Worth	Net Income	Not Reported (a)	Total
Minimum	3,338	--	--	--	3,338
$ 50 - 1,000	--	2,623	759	10	3,392
1,000 - 2,000	--	786	539	2	1,327
2,000 - 3,000	--	825	553	8	1,386
3,000 - 4,000	--	389	359	9	757
4,000 - 5,000	--	230	357	4	591
5,000 - 10,000	--	168	292	2	462
10,000 - 15,000	--	369	849	3	1,221
15,000 - 20,000	--	165	392	1	558
20,000 - 25,000	--	105	248	--	353
25,000 - 30,000	--	64	174	--	238
30,000 - 35,000	--	44	137	1	182
35,000 - 50,000	--	79	237	6	322
50,000 - 100,000	--	114	347	4	465
100,000 - 200,000	--	42	114	2	158
200,000 - 500,000	--	54	184	5	243
$500,000 & Over	--	21	66	4	91
Total	3,338	6,078	5,607	61	15,084

(a) Data as initially supplied by taxpayers were insufficient to determine the proper tax base for these corporations.

TABLE 19

REPORTED TAX LIABILITY FOR MANUFACTURING CORPORATIONS, BY TAX BASE AND INDUSTRY CLASSIFICATION, TAX YEAR 1987

Industry	Tax Liability Before Surtax and Credits By Tax Base: Minimum	Net Worth	Net Income	Not Reported(a)	Total	Surtax	Litter Tax - Tier 1 (b)	Litter Tax - Tier 2 (b)	Property Tax Credits	Energy & Litter Credits	Tax Liability After Credits
Food	$17,458	$ 6,288,387	$ 18,843,422	$ 94,120	$ 25,243,387	$ 524,665	$ 343,414	$ 99,888	$ 2,492,956	$ 140	$23,867,022
Tobacco Manufactures	200	38,182	7,241,460	--	7,279,842	195,520	24,507	20,478	8,471	--	7,511,876
Textile Mill Products	900	287,479	1,100,583	--	1,388,962	33,345	31,728	--	52,583	--	1,407,290
Apparel and Other Textiles	3,100	293,090	1,254,849	13,502	1,564,541	34,008	34,504	88	60,600	--	1,572,628
Lumber and Wood Products	5,762	1,076,992	2,808,042	43,945	3,934,741	75,713	87,209	6,053	351,050	138	3,769,912
Furniture and Fixtures	4,223	250,038	3,749,747	--	4,004,008	102,009	49,543	5,714	130,735	--	4,031,061
Paper	4,300	4,011,672	4,420,013	2,313	8,438,298	122,370	156,280	9,555	2,269,799	--	7,075,043
Printing and Publishing	18,450	1,592,676	22,031,454	35,663	23,678,243	602,496	277,894	4,796	1,649,583	2,244	22,977,356
Chemicals	17,000	10,570,592	24,956,548	247,662	35,791,802	724,836	474,043	17,943	5,025,410	207,205	32,200,162
Petroleum and Coal	2,550	8,034,812	1,378,271	--	9,415,633	37,593	87,054	379	1,870,358	--	7,867,641
Rubber and Plastics	15,250	3,157,101	11,123,314	3,432,435	17,728,109	377,307	252,560	9,148	3,154,673	3,211	15,487,537
Leather Products	1,040	52,755	1,181,519	--	1,235,314	32,245	14,689	3	65,311	--	1,219,712
Stone, Clay & Glass Products	13,750	1,934,538	18,517,389	50	20,465,727	504,147	179,407	15,531	2,442,077	--	18,833,136
Primary Metal	9,176	8,448,219	6,467,905	3,393	14,928,693	176,375	190,077	6,018	4,140,451	--	12,054,952
Fabricated Metal	50,650	7,159,305	28,135,936	1,117,640	36,463,531	801,412	747,640	28,176	5,857,239	9,967	32,953,053
Machinery (non-electrical)	28,079	10,686,670	10,294,990	449,485	21,459,224	297,541	353,891	7,647	4,503,810	4,365	18,302,564
Electrical Machinery	24,800	6,107,181	33,593,414	252,278	39,977,673	913,995	361,313	9,175	5,780,748	--	35,586,947
Transportation Equipment	13,438	15,126,341	35,143,083	2,118	50,284,980	951,487	218,323	1	32,451,129	--	19,642,045
Instruments & Related Products	5,554	1,579,879	2,275,817	233,981	4,095,231	65,416	84,603	9,683	335,988	--	3,959,923
Miscellaneous Manufacturing	13,604	1,985,404	7,786,426	6,466	9,791,900	233,274	163,935	1,842	1,010,331	4,727	9,215,144
Total	$249,284	$88,681,313	$242,304,182	$5,935,051	$337,169,830	$6,805,754	$4,132,614	$252,118	$73,653,302	$231,997	$279,535,004

(a) Data as initially supplied were insufficient to determine the proper tax base for these corporations.

(b) Tier 1 of litter tax is paid by all corporations. Tier 2 of litter tax is paid by only "litter stream" corporations.

TABLE 20

CORPORATION FRANCHISE TAX: REPORTED TAX LIABILITY FOR MANUFACTURING CORPORATIONS, BY TAX BASE AND TAX LIABILITY CLASS, TAX YEAR 1987

Tax Liability Class	Tax Liability Before Surtax and Credits By Tax Base					Surtax	Litter Tax - Tier 1 (b)	Litter Tax - Tier 2 (b)	Property Tax Credits	Energy & Litter Credits	Tax Liability After Credits
	Minimum	Net Worth	Net Income	Not Reported(a)	Total						
Minimum	$249,284	--	--	--	$ 249,284	$ 286	$ 5,738	$ 4,325	$ 1,025,666	--	$ 256,805
$ 50 - $ 1,000	--	$15,371,996	$ 19,357,892	$ 451	34,730,339	523,813	155,553	5,391	38,629,546	$218,271	586,161
1,000 - 2,000	--	818,022	466,582	1,247	1,285,851	13,777	29,771	853	354,844	9	975,402
2,000 - 3,000	--	1,455,735	940,457	11,451	2,407,643	27,362	57,559	3,145	500,919	--	1,994,793
3,000 - 4,000	--	1,177,870	1,004,698	22,620	2,205,188	28,429	52,244	2,946	445,747	--	1,861,283
4,000 - 5,000	--	975,138	1,361,784	14,355	2,351,277	41,403	55,251	6,739	406,946	1,132	2,046,643
5,000 - 10,000	--	887,680	1,427,756	9,612	2,325,048	42,643	56,036	795	352,241	2,235	2,070,047
10,000 - 15,000	--	3,106,051	6,391,099	19,036	9,516,186	176,731	225,442	11,438	1,271,413	5,072	8,653,315
15,000 - 20,000	--	2,360,328	5,066,186	10,757	7,437,271	138,457	197,890	5,971	969,661	138	6,809,793
20,000 - 25,000	--	2,188,808	4,421,804	--	6,610,612	124,657	153,883	12,953	794,565	--	6,107,541
25,000 - 30,000	--	1,649,415	4,056,756	--	5,706,171	111,860	134,482	1,029	639,561	--	5,313,982
30,000 - 35,000	--	1,476,631	3,874,216	26,286	5,377,133	105,738	123,123	5,707	590,974	--	5,020,728
35,000 - 50,000	--	3,376,018	8,897,514	236,656	12,510,188	250,392	292,656	10,881	1,280,215	--	11,783,902
50,000 - 100,000	--	8,705,150	22,854,061	316,064	31,875,275	622,617	728,001	29,852	3,154,608	--	30,101,141
100,000 - 200,000	--	5,513,329	13,235,002	250,929	18,999,260	376,514	408,880	32,261	1,539,298	140	18,277,479
200,000 - 500,000	--	16,273,082	47,756,762	1,271,496	65,301,340	1,374,741	1,042,380	69,548	5,708,762	2,500	62,076,748
$500,000 & Over	--	23,346,060	101,191,613	3,744,091	128,281,764	2,846,334	413,725	48,284	15,938,336	2,500	115,599,241
Total	$249,284	$88,681,313	$242,304,182	$5,935,051	$337,169,830	$6,805,754	$4,132,614	$252,118	$73,653,302	$231,997	$279,535,004

(a) Data as initially supplied were insufficient to determine the proper tax base for these corporations.

(b) Tier 1 of litter tax is paid by all corporations. Tier 2 of litter tax is paid by only "litter stream" corporations.

TABLE 21

NUMBER OF FINANCIAL INSTITUTIONS AND REPORTED TAX LIABILITY, BY TYPE OF INSTITUTION, TAX YEAR 1987

Tax Liability	Number of Corporations by Type				Tax Liability by Type			
	Banks	Savings and Loans	Other	Total	Banks	Savings and Loans	Other	Total
$ 0 - $ 1,000	15	36	11	62	$ 2,942	$ 2,067	$ 9	$ 5,018
1,000 - 2,000	0	1	0	1	0	1,166	0	1,166
2,000 - 3,000	0	2	1	3	0	5,229	2,264	7,493
3,000 - 4,000	2	1	0	3	7,604	3,059	0	10,663
4,000 - 5,000	1	3	0	4	4,767	13,102	0	17,869
5,000 - 10,000	6	12	2	20	43,693	96,968	12,786	153,447
10,000 - 15,000	7	17	1	25	85,859	219,890	14,836	320,585
15,000 - 20,000	16	19	1	36	266,247	335,222	15,500	616,969
20,000 - 25,000	18	8	2	28	410,284	179,759	42,278	632,321
25,000 - 30,000	9	13	1	23	244,402	359,743	27,686	631,831
30,000 - 35,000	18	15	1	34	598,541	32,308	493,687	1,124,536
35,000 - 50,000	31	25	4	60	1,352,882	1,056,703	185,256	2,594,841
50,000 - 100,000	71	35	2	108	5,038,704	2,435,954	149,309	7,623,967
100,000 - 200,000	58	24	0	82	8,157,659	3,272,716	0	11,430,375
200,000 - 500,000	38	8	0	46	11,046,194	2,458,896	0	13,505,090
$500,000 & Over	29	8	0	37	57,757,101	8,236,967	0	65,994,068
Total	319	227	26	572	$85,016,879	$18,709,749	$943,611	$104,670,239

ENERGY CREDIT PROGRAM

The Ohio Energy Credit Program provides credits or direct cash payments for the winter heating bills of qualified elderly and disabled individuals. All applications for the program are filed with and processed by the Ohio Department of Taxation.

There were no changes in the eligibility requirements, level of benefits or administrative procedures for the 1987-88 Energy Credit Program heating season.

Table 22 shows the number of approved applicants in each county by the type of heating fuel used to heat the residence for the 1987-88 heating season. The total number of applicants was 175,704. These 175,704 individuals received about $31 million in cash payments or utility bill credits for the 1987-88 heating season. Of the applicants heating their households with gas, electricity or pipeline propane, 37,148 had incomes less than $5,000, and 99,677 had incomes between $5,000 and $9,000. The remaining 38,879 receiving the $125 cash payment heated their households with fuel oil, coal, wood, kerosene, or non-pipeline propane.

DESCRIPTION OF PROGRAM:

The 1987-1988 heating season program provided 25% and 30% credits on heating bills or a direct cash payment of $125 to qualified individuals. To qualify for the program, an individual must: (1) have been head of household or spouse; (2) have turned 65 years of age prior to January 1, 1988; (3) have had total 1986 income or an expected 1987 income (including income of spouse) of $5,000 or less to receive a 30% credit, or have had total 1986 income or an expected 1987 income of more than $5,000 but less than $9,000 to receive a 25% discount.

Qualified applicants who heated their households with gas, electricity or propane delivered by pipeline were granted the percentage discount on the bills received for those fuels during the months of December, 1987 through April, 1988. Qualified applicants who heated their homes with fuel oil, bottled propane, coal, wood, or kerosene, shared a meter for heating fuel, or paid for heat included with their rent payments received the $125 cash payment.

The credits and direct payments which were given to eligible program participants are the result of the administrative efforts of the Tax Commissioner and the utility companies. The Tax Commissioner issued warrants to those individuals designated to receive a $125 cash payment. By the 18th of each month, the utility companies certified to the Tax Commissioner the total reduction in utility charges for the previous month as a result of this program. The Tax Commissioner reimbursed them for the amount certified within 30 days of receipt of certification. Additionally, the Tax Commissioner prescribed the certification procedure and forms for energy companies entitled to the reimbursement for the 25% and 30% discount granted to customers.

APPLICATION AND CREDIT PROCESS:

All applications for the energy credit program are filed with the Department of Taxation. The Tax Commissioner verifies the information on the application and certifies the eligibility for the applicants. The energy companies supplying electricity, gas, or propane delivered by pipeline are issued the names of those eligible for the 25% or 30% credit. The Tax Commissioner also pays those individuals who are eligible for the $125 payment.

OHIO REVISED CODE CITATIONS:

Sections 122.64 to 122.69, 4933.123, 5117.01 to 5117.12, 5117.21 to 5117.29, and 5117.99.

Table 22
NUMBER OF APPROVED APPLICATIONS, BY COUNTY AND TYPE OF AID, 1987-88 HEATING SEASON

County	$125 Cash Payment	30% Credit	25% Credit	Total	County	$125 Cash Payment	30% Credit	25% Credit	Total
Adams	836	127	177	1,140	Lorain	298	677	2,247	3,222
Allen	220	340	1,119	1,679	Lucas	987	1,636	4,820	7,443
Ashland	175	142	438	755	Madison	115	118	278	511
Ashtabula	573	363	1,131	2,067	Mahoning	832	1,566	4,049	6,447
Athens	559	229	462	1,250	Marion	178	318	770	1,266
Auglaize	177	141	382	700	Medina	206	137	600	943
Belmont	580	388	1,062	2,030	Meigs	455	133	279	867
Brown	578	105	183	866	Mercer	161	95	320	576
Butler	865	745	1,869	3,479	Miami	240	274	904	1,418
Carroll	251	70	203	524	Monroe	201	144	171	516
Champaign	209	112	304	625	Montgomery	949	1,825	4,519	7,293
Clark	338	625	1,517	2,480	Morgan	204	104	140	448
Clermont	978	138	379	1,495	Morrow	288	62	151	501
Clinton	270	141	293	704	Muskingum	391	485	1,094	1,970
Columbiana	828	529	1,432	2,789	Noble	139	99	123	361
Coshocton	248	155	411	814	Ottawa	208	83	304	595
Crawford	170	190	627	987	Paulding	167	57	160	384
Cuyahoga	2,659	6,633	18,125	27,417	Perry	258	189	417	864
Darke	301	211	501	1,013	Pickaway	242	206	301	749
Defiance	207	87	281	575	Pike	675	96	133	904
Delaware	199	101	288	588	Portage	540	200	643	1,383
Erie	174	227	671	1,072	Preble	240	105	265	610
Fairfield	370	396	992	1,758	Putnam	177	76	218	471
Fayette	162	188	357	707	Richland	306	396	1,128	1,830
Franklin	792	2,584	6,524	9,900	Ross	783	251	527	1,561
Fulton	157	86	231	474	Sandusky	210	166	605	981
Gallia	549	120	210	879	Scioto	1,311	535	1,073	2,919
Geauga	361	32	159	552	Seneca	228	200	591	1,019
Greene	233	246	579	1,058	Shelby	193	111	301	605
Guernsey	279	250	538	1,067	Stark	851	1,372	4,251	6,474
Hamilton	3,379	2,203	5,842	11,424	Summit	633	1,700	5,375	7,708
Hancock	109	170	519	798	Trumbull	637	727	2,212	3,576
Hardin	154	174	383	711	Tuscarawas	410	389	1,223	2,022
Harrison	224	63	130	417	Union	144	86	206	436
Henry	169	67	202	438	Van Wert	91	123	378	592
Highland	739	196	392	1,327	Vinton	328	66	79	473
Hocking	236	120	231	587	Warren	471	163	382	1,016
Holmes	126	58	125	309	Washington	223	399	719	1,341
Huron	285	139	518	942	Wayne	270	191	696	1,157
Jackson	635	261	509	1,405	Williams	166	117	359	642
Jefferson	679	401	1,030	2,110	Wood	206	214	608	1,028
Knox	194	200	566	960	Wyandot	82	79	230	391
Lake	484	376	1,502	2,362	County Not Indicated	-0-	-0-	-0-	-0-
Lawrence	868	472	804	2,144					
Licking	330	392	1,144	1,866	Total	38,879	37,148	99,677	175,704
Logan	276	185	486	947					

ESTATE TAX

The basic Ohio estate tax is levied against the value of a resident decedent's gross estate less deductions and exemptions. Graduated rates range through six taxable estate brackets from 2% on taxable values of under $40,000 to $23,600 plus 7% on that portion of taxable value which exceeds $500,000. Each estate also receives a $500 tax credit. Large estates may also be subject to an "additional" tax which is levied solely to ensure full benefit to Ohio of credits the federal government allows taxpayers against federal estate tax liability for their payment of state death taxes. Ohio also taxes nonresident estates on property values attributable to Ohio.

Taxes paid on the basic resident estate tax amounted to $135,009,471 on 20,342 taxable estates in fiscal 1988, compared to $119,809,628 on 20,663 taxable estates in fiscal 1987. In fiscal 1988, 1,088 estates, 5.3% of the total number of estates generating tax, had net taxable value of $500,000 or more and yielded approximately $73.4 million in aggregate taxes, or 54.4 percent of the statewide total for the basic resident estate tax.

Additional revenues of $8,260,767 were attributable to net interest and penalties, the "additional" tax, nonresident returns, and the former inheritance tax for estates finalized in fiscal 1988. Of this amount, the "additional" tax levied against 41 estates accounted for $4,448,362; the nonresident tax levied against 572 estates accounted for $1,231,360; and the former inheritance tax (effective for estates of decedents dying before July 1, 1968) levied against 37 estates accounted for $23,197.

The Estate Tax Division also completed audits and finalized returns for 31,865 non-taxable estates in fiscal 1988.

Data on number of estates, gross and net valuations, and tax paid for the basic resident estate tax are shown by net taxable value (tax rate) bracket in table 23. These statistics are presented by fiscal year in table 24, and by county of probate in table 25.

Data compiled from 20,342 taxable estates finalized during fiscal 1988 show that the number of taxable estates taking the marital deduction compared to fiscal 1987 leveled off. In fiscal 1988, 2,062 estates deducted $427.9 million in value through the marital deduction, compared to 2,174 estates and $438.8 million in deductions in fiscal 1987. In addition, 20,841 non-taxable returns deducted $1.6 billion in value in fiscal 1988.

RESIDENT ESTATE TAX (R.C. 5731)

TAX BASE:

The "net taxable estate," i.e., value of a decedent's gross estate, less deductions (R.C. 5731.15-.17, inclusive). In general, the gross estate equals the aggregate market value, at time of death, of all property wherever situated, held by the decedent, except real and tangible personal property situated outside of Ohio, and "qualified farm property," which may be valued according to its "actual qualified use" (R.C. 5731.01, 5731.011, 5731.03-.13, inclusive).

The "net taxable estate" equals the gross estate less the following deductions:

- Marital deduction, where there is a surviving spouse;
- Funeral expenses and costs of administering the estate;
- Outstanding and unpaid claims against the estate at time of decedent's death;
- Unpaid mortgage or other indebtedness against property where total value is included within the gross estate valuation;
- Charitable deductions.

RATES:

Rates are generated through six "taxable estate" brackets (R.C. 5731.02), as shown in Estate Tax Exhibit 3.

NON-FILING REQUIREMENTS:

Resident estates with gross values under $25,000 and no real property are exempt from filing returns (R.C. 5731.21).

MARITAL DEDUCTION:

A deduction for the value of an estate passed to a surviving spouse is the lesser of the following:

1. the amount allowed or that would be allowable as the federal marital deduction, or
2. the greater of $500,000 or one-half of the Ohio adjusted gross estate (gross estate less other allowable deductions).

TAX CREDITS:

$500 or the full amount of tax, whichever is less (R.C. 5731.02).

TAXPAYER:

Administrator, executor, other estate representative, or person in possession of the property subject to tax.

TAX RETURN AND TAX PAYMENT DEADLINES:

In general, as follows:

Tax Return -- To be filed within 9 months of decedent's death with probate court of county in which estate is administered, unless an extension is granted (R.C. 5731.21);

Tax Payment -- Due within 9 months of decedent's death, to treasurer of county in which decedent resided (R.C. 5731.23).

SPECIAL PROVISIONS:

1. **Additional Tax (R.C. 5731.18)**: The Ohio additional tax is a pick-up tax that captures any unused portion of the allowable federal estate tax credit for state death taxes paid where the federal credit actually exceeds the Ohio estate taxes assessed. The tax is levied in an amount equal to the difference between the maximum allowable federal credit for state death taxes paid and state death taxes actually paid to Ohio or to any other U.S. state, territory, or the District of Columbia. Due to the interaction of the federal state death tax credit schedule and the Ohio estate tax rate structure, this tax in general affects only large estates.
2. **Alternate Valuation Date (R.C. 5731.01)**: An alternate valuation date may be elected, which is the date six months after the decedent's death, or, in the case of its earlier disposition, on such date of disposition. If the alternate valuation date is elected, the election is required to be made within one year from the time the return is required to be filed.
3. **Undue Hardship Provision (R.C. 5731.25)**: Under certain conditions, an extension of time to pay Ohio estate tax because of undue hardship applies. An estate may receive an extension of the time to pay the estate tax not to exceed 1 year beyond the time the tax would otherwise be due if conditions exist caused by undue hardship as defined in R.C. 5731.25. In the case of continuing undue hardship, the estate may apply for an additional extension(s). The total of all extensions granted may not exceed 14 years.
4. **Qualified Farm Property Valuation and Recapture Provision (R.C. 5731.011)**: Under certain conditions, an estate may elect to have farm property passed to a qualified heir valued at its agricultural use value. A prospective supplemental tax lien remains on the property for four years when this election is used; the lien is equal to the tax savings due to the election and becomes effective if the farm property is disposed of (other than to another qualified heir), or ceases to be devoted exclusively to agricultural use within the four year limitation.

NONRESIDENT ESTATE TAX AND ADDITIONAL TAX

ESTATE SUBJECT TO TAX (R.C. 5731.19):

That portion of a nonresident decedent's estate which is attributable to Ohio (i.e., in general, real property and tangible personalty located or having a situs in Ohio, and intangible personal property used in business within Ohio unless exempt pursuant to R.C. 5731.34).

TAX RATES AND TAX CALCULATION FORMULA:

Tax is determined (for both nonresident estate and nonresident additional taxes) by (1) calculating tax which would be due from the estate, at rates applicable to resident estates, if decedent had died a resident of Ohio with all property situated or located in Ohio, and (2) multiplying the resultant amount by a fraction representing the ratio of gross estate value attributable in Ohio to gross estate value wherever situated.

RESIDENT AND NONRESIDENT ESTATE TAXES AND ADDITIONAL TAXES

DISPOSITION OF REVENUE (R.C. 5731.48-5731.51):

Sixty-four percent of gross taxes levied and paid, to municipal corporation or township in which tax originates (50 percent if derived from estates of decedents dying prior to July 1, 1983). In general, for revenue distribution purposes, tax on the transfer of real and tangible personal property located within Ohio originates in the municipal corporation(s) or township(s) in which such property is physically located. In the case of a resident decedent's intangible or tangible personalty located outside of Ohio, domicile of the decedent is determinative; in the case of intangibles of a nonresident decedent, origin is derived from Ohio domicile, location or place of business or custody of the person, bank, institution, or other entity having such property in possession or custody.

Thirty-six percent, less costs of administration, to state General Revenue Fund (50 percent if date of death was prior to July 1, 1983).

OHIO REVISED CODE CITATIONS:

Chapter 5731.

RECENT LEGISLATION:

None

RECENT SIGNIFICANT COURT DECISIONS:

In Re Estate of Finke (1987), 31 Ohio St 3d 1. Where gifts are made by a donor prior to death, and are included in the donor's estate for Ohio estate tax purposes under R.C. 5731.05, the recipients are subject to apportionment of the tax under R.C. 2113.86 unless they are exempted by action of R.C. 2113.88. Where a credit is directly attributable to gifts made by a donor prior to death, and the credit is greater than the amount of Ohio estate tax attributable to the gifts under R.C. 2113.86 and 5731.05, the credit shall benefit the recipients under R.C. 2113.88 so as to exempt them from apportionment of the estate tax.

Toledo Trust Co. v. Santa Barbara Foundation (1987), 32 Ohio St. 3d 141. The determination of whether a testamentary special power of apportionment conferred by an Ohio trust has been effectively exercised by the donee of the trust is governed by the law of the jurisdiction wherein the donee was domiciled at the time of the power's purported exercise.

Cleveland Metro. Gen. Hospital v. Oleksik (1987), 38 Ohio App. 3d 21. A surviving spouse, whether male or female, even though no written contractual obligation exists, is responsible to pay for the deceased spouse's expenses for the last illness and necessities provided by third parties where the decedent's estate is not able to pay, irrespective of the provisions of Ohio Revised Code Sections 3103.03 and 3103.05.

United States v. Wells Fargo Bank (1988), 48 CCH S. Ct. Bull. Under Section 5(e) of the Housing Act of 1937, certain state and local public housing agency obligations, commonly termed "Project Notes," are not exempt from federal estate taxation. An exemption of property from all taxation, such as that contained in Section 5(e), has long been understood to apply only to direct taxes such as the federal income tax, and not to excise taxes such as the estate tax.

EXHIBIT 3

TAXABLE ESTATE BRACKETS (R.C. 5731.02)

Taxable Estates of	Tax Rate Imposed
Not over $40,000	2% of taxable estate
Over 40,000 but not over $100,000	$ 800 + 3% of excess over $ 40,000
Over 100,000 but not over 200,000	2,600 + 4% of excess over 100,000
Over 200,000 but not over 300,000	6,600 + 5% of excess over 200,000
Over 300,000 but not over 500,000	11,600 + 6% of excess over 300,000
Over $500,000	23,600 + 7% of excess over 500,000

TABLE 23

DISTRIBUTION OF TAXABLE ESTATES, GROSS AND NET VALUES, AND ESTATE TAXES PAID, BY NET TAXABLE VALUE (TAX RATE) BRACKETS, FISCAL YEAR 1988[a] (Resident Estate Tax Only)

Net Taxable Value	Number of Estates	Aggregate Gross Value	Aggregate Net Taxable Value	Aggregate Tax Paid
Under $40,000	3,709	$ 193,134,302	$ 116,594,617	$ 561,655
40,000 - 100,000	7,879	689,233,255	515,020,757	8,374,586
100,000 - 200,000	4,643	803,762,324	654,728,601	17,340,117
200,000 - 300,000	1,731	509,865,497	420,909,436	14,293,694
300,000 - 500,000	1,292	609,937,802	500,286,635	21,047,385
Over $500,000	1,088	1,665,966,054	1,247,704,671	73,392,034
Total	20,342	$4,471,899,234	$3,455,244,717	$135,009,471

(a) Statistics are derived from returns on which audits were completed and final certificates of determination were issued during fiscal year 1987.

NOTE: Data shown here represents the basic resident Ohio estate tax only. Tax paid of $135,009,471 does not include $4,448,362 in "additional" tax paid, $1,231,360 in taxes paid on 572 nonresident estates, $1,645,571 in interest and penalties paid and $935,474 in revenue not otherwise categorized. Also not included are net payments representing 37 taxable returns finalized under the former inheritance tax law. Payments were made in the amount of $54,178 and refunds were issued in the amount of $30,981 resulting in net receipts of $23,197.

TABLE 24

NUMBER OF ESTATES, AGGREGATE GROSS & NET VALUE, AND AGGREGATE TAXES PAID, FISCAL YEARS 1985-1988 (Resident Estate Tax Only)

Fiscal Year	Number of Estates	Aggregate Gross Value	Aggregate Net Taxable Value	Aggregate Taxes Paid
1985	19,528	$3,776,675,544	$ 2,773,659,398	$106,377,163
1986	18,490	3,493,083,447	2,642,965,071	95,972,681
1987	20,663	4,169,655,389	3,186,795,152	119,809,628
1988	20,342	4,471,889,234	3,455,244,717	135,009,471

Table 25

NUMBER OF ESTATES, AGGREGATE GROSS AND NET TAXABLE VALUES, AND TAX PAID, BY COUNTY OF PROBATE, FISCAL YEAR 1988 (a) (RESIDENT ESTATES ONLY)

County	Number of Estates	Gross Estate Value	Net Taxable Value	Tax Paid(b)
Adams	28	$4,379,363	$3,129,048	$92,238
Allen	192	34,779,618	27,904,957	983,524
Ashland	107	20,665,651	15,808,831	562,453
Ashtabula	175	31,124,227	21,979,648	675,859
Athens	67	10,262,576	9,019,544	297,806
Auglaize	109	17,038,202	13,472,009	409,469
Belmont	171	28,449,245	22,166,460	703,746
Brown	62	9,914,294	7,645,372	251,045
Butler	448	100,446,116	74,366,048	2,874,465
Carroll	34	4,047,424	3,543,578	89,246
Champaign	60	9,567,981	8,229,555	277,652
Clark	292	58,040,128	40,843,559	1,441,058
Clermont	179	28,483,012	22,421,739	714,800
Clinton	65	12,680,811	10,317,031	395,263
Columbiana	177	23,436,150	17,840,326	492,880
Coshocton	68	11,211,795	8,944,183	248,701
Crawford	110	15,058,816	13,112,782	383,799
Cuyahoga	3,084	882,458,894	671,962,249	29,392,177
Darke	155	26,346,583	19,610,702	581,831
Defiance	78	19,543,027	13,598,393	557,933
Delaware	92	19,677,582	14,003,390	491,627
Erie	154	43,195,125	35,355,647	1,647,397
Fairfield	177	34,492,266	26,171,181	933,508
Fayette	61	9,074,605	7,811,383	246,222
Franklin	1,461	349,235,795	270,151,637	11,357,754
Fulton	110	21,021,552	16,912,462	622,787
Gallia	38	6,166,376	4,527,599	137,024
Geauga	122	33,938,966	24,971,140	1,099,875
Greene	195	36,230,886	28,275,040	958,711
Guernsey	67	9,633,899	7,709,952	227,363
Hamilton	1,834	558,675,384	437,891,743	20,086,411
Hancock	169	30,637,159	24,610,322	808,988
Hardin	75	13,151,424	9,517,392	303,303
Harrison	24	3,421,421	3,096,629	94,219
Henry	92	14,006,150	10,417,018	292,290
Highland	73	15,884,241	12,771,231	489,778
Hocking	43	5,922,419	4,946,712	135,048
Holmes	50	9,967,296	7,840,192	266,960
Huron	116	22,503,900	19,698,602	791,842
Jackson	49	23,311,717	17,726,182	1,030,231
Jefferson	184	33,281,144	28,015,012	1,058,447
Knox	78	12,772,115	11,283,605	347,150
Lake	358	66,117,291	54,889,973	2,051,170
Lawrence	94	13,676,290	10,795,573	333,717
Licking	215	$36,500,596	$29,075,174	$985,685
Logan	100	15,481,055	12,330,260	370,407
Lorain	407	82,844,822	66,729,485	2,599,580
Lucas	1,060	198,046,461	157,876,095	5,751,006
Madison	59	9,558,910	7,058,513	225,640
Mahoning	477	76,772,067	61,598,662	2,004,294
Marion	106	21,303,952	17,911,058	676,270
Medina	186	38,428,163	28,379,369	1,020,287
Meigs	27	2,573,524	2,270,766	53,882
Mercer	85	21,858,741	18,324,488	761,478
Miami	194	35,365,436	26,132,582	874,619
Monroe	24	2,438,817	2,201,834	51,226
Montgomery	1,079	206,331,771	163,128,183	5,890,844
Morgan	36	5,847,440	4,551,073	145,128
Morrow	31	4,725,277	2,982,538	72,118
Muskingum	151	25,609,526	18,933,493	614,528
Noble	20	2,834,055	2,476,586	80,634
Ottawa	103	15,787,245	12,268,681	396,498
Paulding	55	7,967,531	6,412,993	183,382
Perry	51	6,849,548	5,961,444	187,042
Pickaway	93	14,585,330	11,659,007	365,014
Pike	31	4,600,239	3,895,789	132,160
Portage	194	33,262,560	25,953,373	894,625
Preble	69	10,288,644	7,638,205	220,657
Putnam	88	16,000,664	13,294,102	458,115
Richland	263	54,166,994	40,865,562	1,562,976
Ross	122	22,143,464	16,907,896	574,832
Sandusky	150	27,247,206	21,952,076	728,312
Scioto	129	17,698,581	15,261,341	473,658
Seneca	106	21,200,544	16,570,440	610,006
Shelby	84	16,787,588	12,316,616	435,055
Stark	659	162,676,877	117,818,468	4,812,975
Summit	986	203,128,434	154,536,804	5,950,196
Trumbull	321	78,885,964	51,655,474	2,085,168
Tuscarawas	184	29,155,716	24,320,372	772,709
Union	69	17,020,152	11,828,580	447,918
Van Wert	102	20,343,811	17,141,159	602,086
Vinton	21	2,538,469	2,320,027	71,374
Warren	148	37,017,174	26,503,372	1,009,603
Washington	102	15,769,806	12,262,299	379,173
Wayne	205	40,857,270	32,815,626	1,197,282
Williams	94	15,326,061	11,893,029	347,402
Wood	221	49,074,018	34,990,114	1,227,459
Wyandot	58	11,069,844	8,936,076	285,022
Totals	20,342	$4,471,999,283	$3,455,244,715	$135,926,092

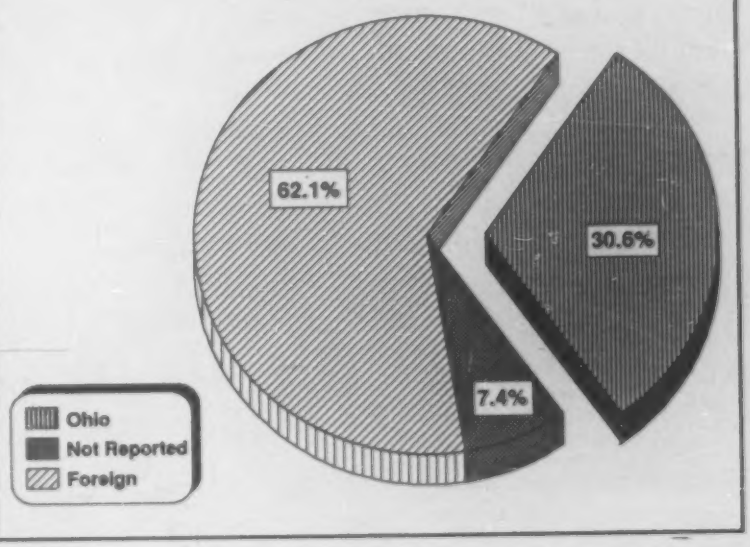
(a) Statistics are derived from returns filed in fiscal year 1988 on which audits were completed and final certificates of determination were issued.
(b) Amounts shown as tax paid include interest in the amount of $816,621. Amount paid does not include additional tax (i.e. pick-up tax) or interest on installment estates. For additional amounts, see "NOTE" on Table 23 (page 35).

HIGHWAY USE TAX

The highway use tax is an axle-mile tax levied on commercial vehicles in relation to varying combinations of number of axles and miles traveled by the vehicles. Enacted in 1953, it was intended primarily for highway bond retirement and is still used mainly for that purpose. In fiscal year 1988, highway use tax collections were approximately $62.2 million and there were 212,748 new highway use permits issued.

The highway use tax rates range from 0.5 cent per mile to 2.5 cents per mile depending on the number of axles of the vehicle. As in past years, the majority of the tax revenue in fiscal year 1987 was generated by those vehicles in the two-cents-per-mile bracket. Vehicles in this rate bracket also represented the majority of permit holders.

Highway Use Tax Liability, by Type of Permit
Fiscal Year 1988 Total Collections - $62.6 Million



BASE AND RATES (R.C. 5728.06):

The highway use tax is levied on the following vehicles for each mile traveled on a public highway in Ohio at the rates shown:

Vehicle	Rate
Commercial car with 3 or more axles	0.5 cent per mile
Commercial car tandem with 3 axles, and each commercial tractor operated as part of a commercial tractor combination with 3 axles	1 cent per mile
Commercial tractor operated as part of a commercial tractor combination with 4 axles	1.5 cents per mile
Commercial tractor operated as part of a commercial tractor combination with a total of 5 or more axles	2 cents per mile
Commercial car or commercial tractor operated as part of a commercial tandem with 4 or more axles	2.5 cents per mile

EXEMPTIONS (R.C. 5728.01, 5728.13):

1. Vehicles owned and operated by the U.S. Government, the State of Ohio, or any political subdivisions thereof;
2. Vehicles owned by nonresidents of Ohio while engaged solely in interstate transportation of household goods in Ohio, provided the owners are residents of a state which grants reciprocity to Ohio;
3. Miles driven on the Ohio Turnpike.

PAYMENT DATES (R.C. 5728.08):

Jan. 20 Apr. 20 July 20 Oct. 20	Return and payment due for preceding three months.

DISPOSITION OF REVENUE (R.C. 5728.08):

1. General Revenue Fund -- amount equal to appropriation for administration of the tax.
2. Balance to specified highway bond retirement funds as long as needed; thereafter, all to the supplementary highway construction fund.

OHIO REVISED CODE CITATIONS:

Chapter 5728.

RECENT SIGNIFICANT COURT DECISIONS:

None

Table 26

HIGHWAY USE TAX LIABILITY BY TYPE OF PERMIT HOLDERS, FISCAL YEARS 1984-1988

Permit Holders	1984	1985	1986	1987	1988
Ohio	$18,536,256	$18,308,713	$20,114,001	$19,744,845	$19,944,677
Foreign	28,675,613	29,897,146	33,397,020	34,739,801	37,421,091
Unidentified	2,403,623	2,832,099	3,544,408	4,309,864	4,842,282
Total	$49,615,492	$51,037,958	$57,055,429	$58,794,510	$62,208,050

Table 27

HIGHWAY USE TAX LIABILITY BY TYPE OF PERMIT HOLDER AND TAX RATE CLASSIFICATION, FISCAL YEAR 1988

Permit Holders	0.5 cent	1 cent	1.5 cents	2 cents	2.5 cents	Total
Ohio	$1,147,478	$302,108	$1,326,852	$16,383,917	$ 784,322	$19,944,677
Foreign	101,438	355,906	1,817,404	31,824,139	3,322,204	37,421,091
Unidentified	10,735	21,800	116,628	4,038,401	654,718	4,842,282
Total	$1,259,651	$679,814	$3,260,884	$52,246,457	$4,761,244	$62,208,050
Fees from New Permits[a]						425,496
Grand Total						$62,633,546

(a) Total number of new permits issued: 212,748 (permit fee is two dollars)

Table 28

AVERAGE NUMBER OF HIGHWAY USE TAX PERMITS AND TOTAL MILEAGE SUBJECT TO TAX BY TAX RATE CLASSIFICATION, FISCAL YEAR 1988

Number of Permit Holders

Permit Holders	0.5 cent	1 cent	1.5 cents	2 cents	2.5 cents	Total
Ohio	60,276	10,566	22,960	190,498	8,210	292,510
Foreign	10,138	29,165	67,839	889,702	87,782	1,084,626
Unidentified	728	805	2,829	144,804	11,481	160,647
Total	71,142	40,536	93,628	1,225,004	107,473	1,537,783

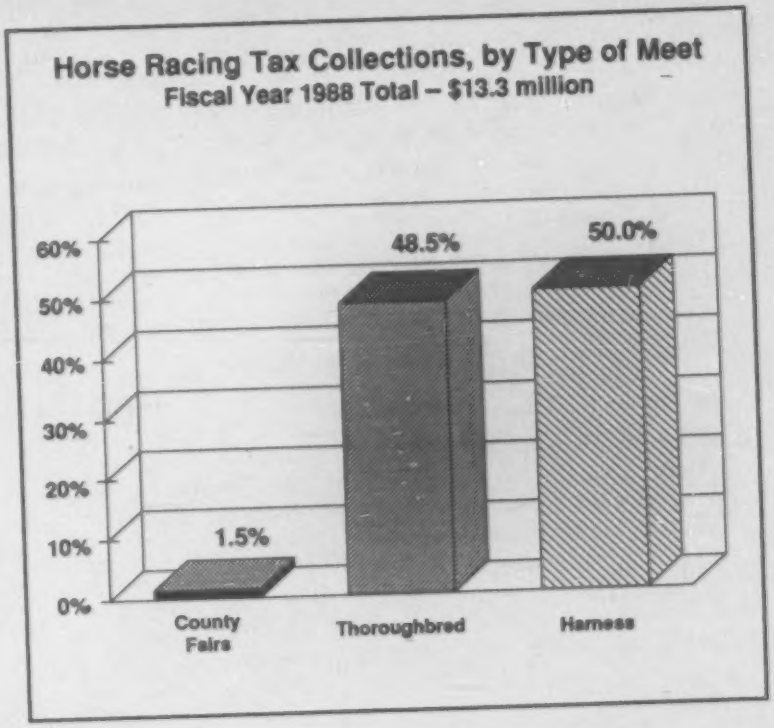
Mileage

Permit Holders	0.5 cent	1 cent	1.5 cents	2 cents	2.5 cents	Total
Ohio	229,495,514	30,210,757	88,456,809	819,195,847	31,372,875	1,198,731,802
Foreign	20,287,656	35,590,639	121,160,235	1,591,206,944	132,888,169	1,901,133,643
Unidentified	2,147,061	2,179,991	7,775,211	201,920,042	26,188,710	240,211,015
Total	251,930,231	67,981,387	217,392,255	2,612,322,833	190,449,754	3,340,076,460

HORSE RACING TAX

Ohio has permitted horse racing and pari-mutuel wagering on horse racing since 1933. The regulation of horse racing is the responsibility of the State Racing Commission which consists of five members appointed by the Governor and confirmed by the Ohio Senate. The State Racing Commission issues racing permits and sets the racing dates for each meet. Since 1953, the Department of Taxation has administered the tax on pari-mutuel wagering.

Permit holders retain 18% of all money wagered and 3.5% of "exotic" wagering as their commission, subject to payments to the State Tax Commissioner of the taxes on parimutuel and exotic racing.



Fifty percent of the commission must be used for purse money and in addition part of the commission, along with a portion of the state's wagering tax, is used to develop and promote horse breeding and racing in Ohio. Permit holders also retain the breakage (the odd cents remaining after pari-mutuel winning tickets are paid off at the next lowest multiple of ten cents). However, 40% of this amount must be used for purse money and 25% must be paid to the Horsemen's Health and Retirement Fund. Another source of revenue to permit holders is the authorization to conduct pari-mutuel wagering on televised simulcasts of racing at other tracks.

To encourage the construction and improvement of racing facilities, there are two capital improvement plans that reduce the tax liability of permit holders. The first is a reduction of 3/4 of 1% of the amount wagered for the construction of a new facility or the improvement of an existing track. The second is a reduction of 1.5% of the amount wagered for the major renovation of an existing facility if the cost is $10 million or more and if the project was approved prior to March 29, 1988. These projects must be approved by the State Racing Commission and can run concurrently.

The tax on total wagering of $466.4 million in fiscal year 1988 provided $13.3 million in tax revenue and funds for horse racing development in Ohio.

TAX BASE (R.C. 3769.08, 3769.081, 3769.087, 3769.089):

1. Amount wagered each day on all pari-mutuel racing.
2. Amount wagered each day on exotic races.
3. Total amount wagered at each horse race meeting of a permit holder.

RATES:

1. **Pari-mutuel wagering tax (R.C. 3769.08):**

Amount Wagered Daily	Harness and Quarter Horse, Racing[a]	Thoroughbred Racing
First $200,000	2.125%	1%
Next 100,000	3.125	2
Next 100,000	4.125	3
Over 400,000	5.125	4

(a) Includes 1.125% for special funds paid by permit holders from their commission.

2. **Exotic Wagering Tax (R.C. 3769.087)**: In addition to the pari-mutuel wagering tax, there is a special tax of 3.5% of the amount wagered daily

RATES: (cont'd)

on other than win, place, and show. This is termed "exotic" wagering and is on the following special events:

Daily Double - Selecting and wagering on the winning horses in two designated races;

Perfecta - Selecting and wagering on the first and second place horses in order of finish in a designated race;

Quinella - Selecting and wagering on the first and second place horses but not necessarily in the order of finish in a designated race;

Trifecta - Selecting and wagering on the first, second, and third place horses in order of finish in a designated race.

3. **Additional Pari-Mutuel Wagering Tax (R.C. 3769.081)**: This money is divided equally between the municipal corporation and township in which racing takes place and is intended to reimburse these areas for expenses incurred due to racing meets. The municipal corporations and townships receiving the money may reimburse an adjoining political subdivision which also had expenses because of racing meets. The tax is levied as follows:

Total Amount Wagered Each Horse Racing Meet	Rate
Less than $5,000,000	0.10%
$5,000,000 or more	0.15%

The maximum tax liability is $15,000 from each horse racing meeting.

EXEMPTIONS (R.C. 3769.081):

Agricultural Societies are not subject to the "Additional Pari-Mutuel Wagering Tax."

WHO REMITS TAX (R.C. 3769.08):

The racing permit holder remits to the Tax Commissioner the tax on the amount wagered as described in **"Rates."** The Tax Commissioner in turn distributes the tax as described in **"Disposition of Revenue."**

PAYMENT DATES (R.C. 3769.081, 3769.10):

Each day of racing: Permit holder mails to the Tax Commissioner or delivers to an office of the Department of Taxation by noon the following day the pari-mutuel wagering tax and exotic wagering tax collected.

Close of horse race meeting: Within ten days, the Additional Pari-Mutuel Wagering tax is collected and mailed to the Tax Commissioner or delivered to an office of the Department of Taxation.

DISPOSITION OF REVENUE (R.C. 3769.08, 3769.081, 3769.087):

Each Permit Holder pays to the Tax Commissioner a sum equal to the percent of money wagered as described in the **"Rates"** section reduced by any capital improvements deduction (**see "Special Provisions"**). The Tax Commissioner then distributes the receipts to the following funds:

Receipts from Pari-Mutuel Wagering Tax

Distributed To	Source of Receipts (Wagering On)	Distribution Percent
Ohio Fairs Fund	Thoroughbred, harness, and quarter horse	0.5% of amount wagered
Ohio Thoroughbred Race Fund	Thoroughbred	1.125% of amount wagered
	Harness*	June-December 1987: 0.84% of amount wagered January-July 1988: 0.86% of amount wagered
Ohio Standardbred Development Fund	Harness	0.625% of amount wagered
Quarter Horse Development Fund	Quarter horse	0.625% of amount wagered
Ohio General Revenue Fund	Thoroughbred*, harness*, and quarter horse*	Net receipts after payments to above funds and any capital improvements reduction (see SPECIAL PROVISIONS)
Agricultural Societies	Thoroughbred, harness, and quarter horse racing at agricultural expositions and fairs	Net receipts after payment to the Ohio Fairs Fund Standardbred Fund, Quarter Horse Fund and Thoroughbred Race Fund

* Excluding racing events at agricultural expositions and fairs.

DISPOSITION OF REVENUE: (cont'd)

Receipts from "Exotic" Wagering Tax

Distributed To	Source of Receipts (Wagering On)	Distribution Percent
Ohio Fairs Fund	Thoroughbred, harness, and quarter horse	0.25% of amount wagered
Ohio Thoroughbred Race Fund	Thoroughbred	0.25% of amount wagered
Ohio Standardbred Development Fund	Harness	0.25% of amount wagered
Quarter Horse Development Fund	Quarter horse	0.25% of amount wagered
Ohio General Revenue Fund	Thoroughbred, harness, and quarter horse	2.0% of amount wagered(1)
Permit Holder (retains)	Total exotic wagering	1.0% of amount wagered

(1) May be less if the capital improvements deductions exceed amounts distributed to other funds.

Receipts from the Additional Pari-Mutuel Wagering Tax

Distributed To	Source of Receipts (Wagering On)	Distribution Percent
General revenue funds of municipalities and townships in which racing takes place	Thoroughbred, harness, and quarter horse	0.1% of amount wagered if the total amount wagered is less than $5 million; 0.15% of amount wagered if the total amount wagered is $5 million or more (max. of $15,000)

SPECIAL PROVISIONS (R.C. 3769.08, 3769.089, 3769.13, 3769.20):

1. **Capital Improvement Deduction**: With the approval of the State Racing Commission, permit holders making capital improvements, constructing new racing facilities, or reconstructing facilities damaged by fire or other cause that nave a total cost of $100,000 or more can reduce their tax liability by 0.75% of the amount wagered. For projects approved prior to March 29, 1988, the reduction continues for a period of fifteen years on capital improvements and reconstruction and a period of twenty-five years on new race track construction or until the total reduction in tax liability equals 70% of construction costs, whichever occurs first. For projects approved on or after April 29, 1988, the reduction is limited to ten years or 70% of costs.
2. **Major Capital Improvement Project**: Permit holders renovating, reconstructing, or remodeling an existing race track facility at a cost of $10 million or more can reduce their tax liability by 1.5% of the amount wagered for a period of ten years or until the cost of the project plus debt service is reached, whichever occurs first providing that the project was approved by the State Racing Commission prior to March 29, 1988. If the reduction exceeds the tax on wagering, the abatement may be carried forward and applied against future tax liability. The tax reduction is in addition to the 0.75% Capital Improvement Deduction.
3. **A race track closed due to fire** or other cause can make up the lost days of racing at another facility or during the first three years following the reopening of the track.
4. **Electronically Televised Simulcasts**: Permit holders may televise horse racing at facilities inside or outside of Ohio and conduct pari-mutuel wagering thereon. The type of racing televised must be the same as authorized to be conducted at the permit holder's track.

OHIO REVISED CODE CITATIONS:

Chapter 3769.

RECENT LEGISLATION:

House Bill 171, effective July 1, 1987

R.C. 3769.20: Requires that the Ohio Standardbred Development fund receive a full distribution from the pari-mutuel wagering tax before any major capital improvement reduction is taken.

Senate Bill 206, effective March 29, 1988

R.C. 3769.08: On or after March 29, 1988, a 0.75% capital improvements tax reduction is limited to a period of ten years.

R.C. 3769.20: To receive a 1.5% tax reduction, major capital improvement projects must have been approved prior to March 29, 1988.

Table 29

AMOUNT WAGERED ON HORSE RACING AND TOTAL TAX AND SPECIAL FUND RECEIPTS BY TYPE OF EVENT, FISCAL YEARS 1984-1988

Fiscal Year	Thoroughbred Racing	Quarter Horse & Commercial Harness Racing	Agricultural Societies Racing	Total
		Pari-Mutuel Wagering		
1984	$239,039,250	$160,521,195	$4,853,828	$404,414,273
1985	238,065,795	148,957,615	5,421,846	392,445,256
1986	227,411,848	172,503,436	5,601,651	405,516,935
1987	255,991,255	203,777,648	5,420,997	465,189,900
1988	268,359,148	192,097,746	5,964,238	466,421,132
		Pari-Mutuel Wagering Net Tax Receipts		
1984	$11,553,915	$7,452,680	$222,459	$19,229,054
1985	6,658,162	4,829,067	216,494	11,703,723
1986	5,311,795	5,414,914	221,007	10,947,716
1987	5,729,214	6,956,817	198,976	12,885,007
1988	6,409,734	6,634,983	232,994	13,277,711

Table 30

AMOUNT WAGERED ON HORSE RACING, TAX LEVIED AND DISTRIBUTION OF RECEIPTS, FISCAL YEAR 1988

	Thoroughbred Race Meets	Commercial Harness Race Meets	County Agricultural Societies	Total
Number of Days	466	608	217	1,291
Tax Base				
Total Pari-Mutuel Wagering	$268,359,148	$192,097,746	$5,964,238	$466,421,132
Exotic Wagering*	149,075,558	125,308,352	2,691,624	277,075,534
Total Tax Levied	$ 10,438,615**	$ 8,386,272	$ 232,994	$ 19,057,881
Capital Improvement Credit	1,399,826	467,902	-0-	1,867,728
Major Capital Improvement Credit	2,629,055	1,283,387	-0-	3,912,442
Net Tax Collected	$ 6,409,734	$ 6,634,983	$ 232,994	$ 13,277,711
Distribution of Receipts				
Agricultural Societies	$ -0-	$ -0-	$ 152,437	$ 152,437
Standardbred Development Fund	-0-	1,513,753	44,006	1,557,759
Ohio Fairs Fund	1,714,468	1,273,717	36,551	3,024,736
Thoroughbred Special Account	3,391,694	1,633,211	-0-	5,024,905
State General Revenue Fund	1,303,572	2,214,302	-0-	3,517,874
Total Amount Distributed	$ 6,409,734	$ 6,634,983	$ 232,994	$ 13,277,711

* Included in total pari-mutuel wagering but subject to an additional 2.5% tax.

** Includes credit balance

STATE INDIVIDUAL INCOME TAX

Ohio's personal income tax law is based closely on federal law to facilitate compliance by the taxpayer and administration by the state. The starting point for computation of the Ohio income tax is federal adjusted gross income as reported on the federal income tax return. After adding and subtracting certain adjustments and subtracting personal exemptions, Ohio's graduated tax rates are applied to the remaining figure (Ohio taxable income) to calculate the tax liability. From this figure, certain credits may be subtracted to arrive at the final personal income tax liability.

Figure 2 illustrates the percentage distribution by income class of 1986 tax returns, federal adjusted gross income, and income tax liability. Tables 31 through 44 also include information compiled from the 1986 Ohio personal income tax returns (due by April 15, 1987). Table 31 contains detailed data from the returns categorized into twenty-nine income classes. The data show that individuals filed 4,229,473 tax returns which reported total federal adjusted gross income of $107.6 billion, an average of $25,436 per return. Applying the tax rates to this income and then subtracting allowable tax credits yields a figure for total Ohio personal income tax liability of $3,074.6 million. This amounts to an average income tax liability of $726.95 per return.

Table 32 compares total returns filed for 1985 and 1986 grouped by major income classes while Table 33 compares only taxable returns for 1985 and 1986. Total tax liability increased from $2,641.9 million in 1985 to $3,074.6 million in 1986, a percentage increase of 16.4%. The number of taxable returns increased from 3,444,299 in 1985 to 3,573,651 in 1986, an increase of 129,352.

Table 34 is a simplified version of Table 31 showing some of the major data categorized into just eight income classes. Tables 35, 36, and 37 show tax returns by the same eight income classes, but by filing status -- married joint, single, and married separate.

Tables 38, 39, and 40 classify the number of returns and tax liability by Ohio taxable income classes rather than federal adjusted gross income classes. The "Ohio taxable income" figure is the amount to which the graduated tax rates of 0.855% to 8.55% for 1986 were directly applied. Tables 38 and 39 contain data by Ohio taxable income class on the additional $350 personal exemption and the $20 personal exemption credit, respectively. These tables indicate that the majority of taxpayers used the $20 credit, rather than the additional $350 exemption. Table 40 shows the number of returns and tax liability for all returns.

Table 41 contains information on the joint filer credit. A 1986 joint return filed by a husband and wife each earning at least $500 of wage or pension income was entitled to a joint filer credit of 5% to 20% of the tax liability. Table 41 indicates that this credit was claimed by 1,153,473 taxpayers and reduced their tax liability by approximately $203.8 million, an average of $176.70 per return. Table 42 provides information on the 1,079,181 returns showing a balance due Ohio (those taxpayers whose state tax liability exceeded their withholding and estimated payments) and the 2,367,361 taxpayers who received a refund from the state. The state was owed $271,548,139. Taxpayers received $307,707,722 in refunds.

Table 43 indicates the number of returns filed, income, and tax liability for residents of each of Ohio's eighty-eight counties. Cuyahoga county had the largest number of returns filed with 559,232 returns reporting $15.1 billion of income, and $482.0 million of income tax liability. Residents of the eleven largest Ohio counties filed 2.4 million out of the state total of 4.2 million income tax returns. Their combined tax liability was $1,968.3 million, over 64% of the total for all eighty-eight counties. Table 44 indicates the average income per return for residents of each county. Geauga county taxpayers reported the highest figure with an average income per return of $30,567 while Adams county had the lowest average income, $18,077 per return.

Three additional tables indicate income tax data gathered from sources other than the 1986 tax returns. Table 45 compares one-half of the 1987 income tax collections in each county with the amount of state school aid and property tax relief distributed to the county. Under the Ohio Constitution and state law, at least one-half of income tax collections must be returned to the county of origin. This table indicates that this requirement was exceeded in every county.

Table 46 shows the number of returns and amount of tax dollars processed by the Income Tax Division of the Ohio Department of Taxation during the last two fiscal years. During fiscal year 1988, the Income Tax Division processed 6.8 million personal income tax returns for all types, including about 5.5 million annual and quarterly estimated individual taxpayer returns and 1.3 million employer withholding returns. Net collections during fiscal year 1988 were $3,367,446,009 after payment of $415,672,986 in refunds. Table 47 shows the monthly distribution of these collections and refunds.

TAX BASE (R.C. 5717.01):

The amount reported as Federal Adjusted Gross Income to the U.S. Internal Revenue Service plus or minus adjustments according to Ohio income tax law (see **"General Computation of Tax Liability"** section on the following page).

RATES (R.C. 5747.02):

Ohio Taxable Income	1998 Tax
$ 0 - $ 5,000	0.743% of Ohio taxable income
5,000 - 10,000	$ 37.15 + 1.486% of excess over $ 5,000
10,000 - 15,000	111.45 + 2.972% of excess over 10,000
15,000 - 20,000	260.05 + 3.715% of excess over 15,000
20,000 - 40,000	445.80 + 4.457% of excess over 20,000
40,000 - 80,000	1,337.20 + 5.201% of excess over 40,000
80,000 - 100,000	3,417.60 + 5.943% of excess over 80,000
Over 100,000	4,606.20 + 6.9 % of excess over 100,000

SPECIAL PROVISIONS:

1. **Personal Exemption Credit Option (R.C. 5747.022):** In addition to the standard $650 personal exemption, taxpayers have the option of taking an additional $350 personal exemption or a credit against the Ohio income tax due of $20 for each personal exemption claimed.
2. **Joint Filer Credit (R.C. 5747.05):** A husband and wife who file a joint return are allowed a tax credit if each spouse receives at least $500 of wage or pension income. The credit is a percentage of the tax after all other credits and is calculated according to the schedule shown below:

Ohio Taxable Income	Amount of Credit
$25,000 or less	20%
25,000 - 50,000	15
50,000 - 75,000	10
Over $75,000	5

3. **Senior Citizen Credit (R.C. 5747.05):** A taxpayer 65 years of age or older during the taxable year is allowed a $50 credit against the amount of Ohio income tax due. Only one $50 credit is allowed for each return.
4. **Retirement Income Credit (R.C. 5747.055):** Taxpayers receiving retirement income are allowed a credit based on the amount of retirement income received during the taxable year according to the following schedule:

Amount of Retirement Income Included in FAGI	Credit
$500 or less	$ 0
500 to 1,500	25
1,500 to 3,000	50
3,000 to 5,000	80
5,000 to 8,000	130
Over $8,000	200

5. **Military Pay (R.C. 5747.01):** Military pay is taxable no matter where the individual is stationed provided domicile (legal residence) is Ohio. If domicile is in another state, service personnel are not required to pay the Ohio income tax, even though stationed in Ohio. They must compute a nonresident tax credit on the military pay.
6. **Reciprocity (R.C. 5747.05):** An individual who is a resident of Ohio or one of the five surrounding states and whose income consists solely of compensation from any of those states need only file with the state of residence.
7. **New Equipment Credit (R.C. 5747.051):** Individual taxpayers are allowed a credit against the personal income tax equal to the difference between: (1) the tangible property taxes paid in the taxable year on machinery and equipment used in manufacturing or refining and acquired on or after January 1, 1978; and (2) the tangible property taxes that would have been paid on such property if it had been assessed at 20% of true value. If the credit exceeds the income tax liability in any year, the excess credit may be carried forward to offset liability for the following three years.
8. **Resident/Nonresident/Part-Year Resident Credit:** Resident taxpayers who have income subjected to tax by another state and taxpayers who earn income while living in another state receive a credit for that portion of income.

TAXPAYER (R.C. 5747.01):

Every individual and every estate residing in Ohio or earning or receiving income in Ohio.

PAYMENT DATES (R.C. 5747.07-5747.09):

For Individuals:

1. Calendar year taxpayer files an annual return between January 1 and April 15.
2. Fiscal year taxpayer files before the 15th day of the fourth month after the end of the fiscal year.
3. Taxpayers making quarterly declarations must file an annual return on or before April 15 and quarterly payments of the tax must be made on or before April 15, June 15, and September 15 of the current year and January 15 of the next year.

For Employers:

1. If the employer withholds less than $1,000 during the quarter, payment is made within 30 days after the last day of the quarter ending March, June, September, and December.
2. If the amount to be withheld during the quarter exceeds $1,000, monthly remittances are made within 10 banking days after the close of each calendar month.

GENERAL COMPUTATION OF TAX LIABILITY FOR 1988:

FEDERAL ADJUSTED GROSS INCOME

(taken directly from federal return)

Add

1. State and local bond interest (except Ohio governments).
2. Federal bond interest exempt from federal tax but subject to state tax

Subtract

1. Federal bond interest.
2. Disability and survivors' benefits.
3. Compensation earned in Ohio by residents of reciprocity states.
4. Social Security and railroad retirement benefits included in FAGI.
5. State and municipal refunds.

OHIO ADJUSTED GROSS INCOME

Subtract:

1. Personal exemptions of $650 per person.
2. Additional $350 per person if the personal exemption credit is not chosen.

OHIO TAXABLE INCOME

Apply:

Graduated rates of 0.743% to 6.9% for 1988

TAX BEFORE CREDITS

Subtract:

1. Personal exemption credit of $20 per person (if additional $350 exemption is not chosen).
2. Senior citizen credit of $50.
3. Retirement income credit.
4. New equipment purchase credit.
5. Child care credit.
6. Joint filer credit for two working spouses receiving at least $500 apiece in wage or pension income (graduated based on income).

PERSONAL INCOME TAX LIABILITY

Credit for income earned in or taxed by another state.

OHIO NET PERSONAL INCOME TAX LIABILITY

DISPOSITION OF REVENUE (R.C. 5747.03):

1. Effective February 1, 1988, all income tax receipts are initially credited to the General Revenue Fund, with 4.5% subsequently transferred to the Local Government Fund and 6.3% subsequently transferred to the Library and Local Government Support Fund.
2. The Ohio Constitution requires that at least 50% of income tax collections be returned to the county of origin. This provision is met through General Revenue Fund allocations to education and local property tax relief (12.5% property tax rollback and homestead exemption).

OHIO REVISED CODE CITATIONS:

Chapter 5747.

RECENT LEGISLATION:

H.B. 514, effective February 11, 1988

R.C. 5747.113: Extends the ODNR Wildlife and Scenic Areas income tax checkoff expiration date from 1/1/89 to 1/1/94.

H.B. 335, effective March 13, 1988

R.C. 3313.263: Allows the treasurer of a board of education to withhold income tax from a nonresident school employee's wages.

RECENT SIGNIFICANT COURT DECISIONS:

Leo J. and Sara J. Pisel v. Limbach (December 7, 1987), BTA Case No.85-F-1073. Vacation and sick leave benefits accrued during the normal course of employment but paid as a result of the employee's disability, are not deductible disability benefits.

Timothy C. and Judy Conn v. Limbach (February 4, 1988), BTA Case No. 87-J-386. Bankruptcy application did not discharge taxes legally due and owing to Ohio within three years preceeding bankruptcy.

Richard E. and Judith Swabby v. Limbach (February 4, 1988), BTA Case No. 85-C-227. Payments received by inheritance of profit-sharing and pension plan benefits were not deductible retirement or survivorship benefits since the plans did not provide the death of the covered employee as a precondition to payment to these beneficiaries.

Grady B. and Eileen C. Campbell v. Limbach (February 4, 1988), BTA Case No. 86-H-1248. Qualified federal interest income is excludable for Ohio tax purposes only to the extent that it is included in federal adjusted gross income.

Leland F. Brubaker v. Limbach (March 25, 1988), BTA No. 87-J-211. Deductible Subchapter S income includes both income and losses from Subchapter S corporations.

Merom and Judith Brachman v. Limbach (April 29, 1988), BTA Case No. 87-J-273. Resident tax credit for the amount of Ohio tax on income subjected to tax in Oklahoma is limited to the tax on Oklahoma taxable income. Credits must be strictly construed.

Estate of Marie F. Rotterman v. Limbach (May 25, 1988), Montgomery App. No. CA 10576. Taxpayer waived the equal protection argument when it did not clearly specify the equal protection violation in its notice of appeal to the Board of Tax Appeals and did not address the argument to the Board.

Angela J. Calanni v. Limbach (June 10, 1988), BTA Case No. 86-A-1314. When a resident left Ohio and manifested no intent to return, she was not domiciled in Ohio even though she had not established a domicile elsewhere.

Robert L. and Eileen Sill v. Limbach (June 10, 1988), BTA Case No. 86-F-1079. Inability to pay is not reasonable justification for failure to pay timely individual income taxes.

Richard M. and Susan P. Lloyd v. Limbach (June 24, 1988), BTA Case No. 87-J-1281. Resident tax credit for the amount of Ohio tax due on income subject to tax in Missouri is limited to tax on Missouri taxable income. Credits must be strictly construed.

FIGURE 2

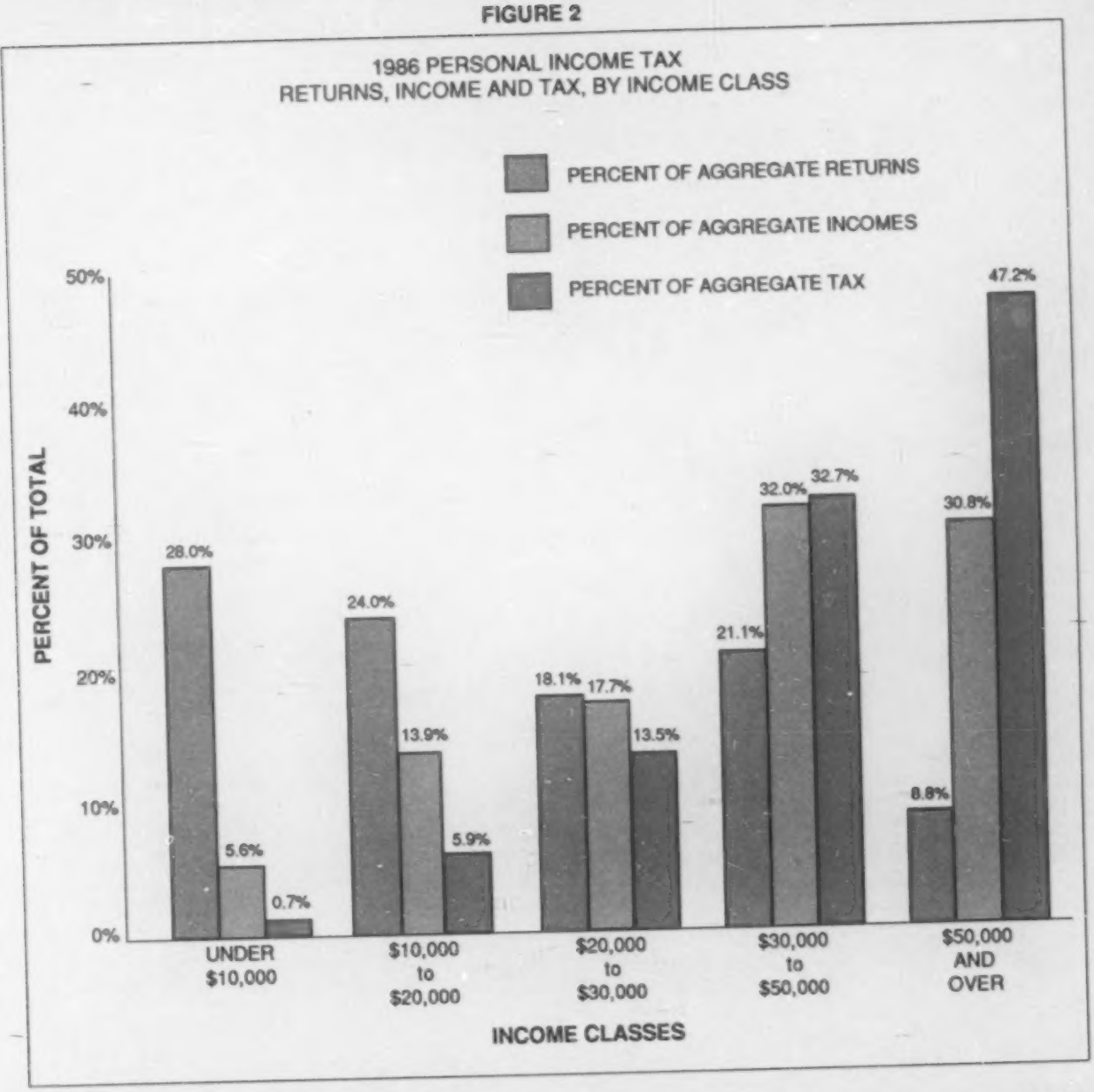


Figure 2 shows the percentage distribution by income class of 1986 personal income tax returns, federal adjusted gross income, and tax liability. Taxpayers earning under $10,000 filed 28.0% of all income tax returns, but earned only 5.6% of total income and paid just 0.7% of the total tax liability. The next largest group of taxpayers, those earning $10,000 to $20,000, earned 13.9% of total income and paid 5.9% of the tax. These two groups combined (all those earning less than $20,000) represented 52.0% of all the taxpayers, reported 19.5% of the income, but paid just 6.6% of the total income tax.

In contrast, taxpayers earning more than $50,000, comprised only 8.8% of all tax returns, but reported 30.8% of total income and paid 47.2% of the entire income tax liability. Additional detail on the income distribution of tax returns, income, and tax liability, as well as information on filing status and county statistics, are shown in tables on the following pages.

Table 31

1986 OHIO PERSONAL INCOME TAX RETURNS BY INCOME CLASS

Income Class Federal Adjusted Gross Income	Number of Returns	Total Federal Adjusted Gross Income	Ohio Adjusted Gross Income	Reported Value of Personal Exemptions	Ohio Taxable Income	Tax Before Credits	Joint Filer Credit	Tax Liability After Tax Credits
$ 0 - $1,000	77,085	$46,282,058	$46,068,781	$52,280,580	$3,775,828	$31,665	$0	$413
1,000 - 2,000	127,489	192,106,082	189,991,929	95,372,537	90,706,349	777,109	13	64,685
2,000 - 3,000	130,350	325,661,188	320,637,561	103,843,584	210,906,698	1,804,117	57	178,761
3,000 - 4,000	131,913	461,338,398	452,489,079	109,275,678	335,633,138	2,870,328	227	656,430
4,000 - 5,000	124,767	561,247,059	549,505,635	109,415,271	432,021,027	3,697,241	506	1,312,992
5,000 - 6,000	120,084	660,358,325	645,337,759	111,131,865	526,082,350	4,537,347	1,129	1,844,073
6,000 - 7,000	118,547	770,662,132	751,337,863	115,729,011	627,453,883	5,940,254	3,202	2,751,780
7,000 - 8,000	118,513	889,119,515	867,264,325	119,965,454	738,933,272	7,727,980	9,376	3,863,624
8,000 - 9,000	117,242	996,530,102	970,888,940	122,644,106	840,305,981	9,475,139	19,118	5,011,485
9,000 - 10,000	116,372	1,105,318,187	1,075,987,870	126,049,037	941,990,382	11,237,981	38,047	6,241,052
10,000 - 11,000	111,633	1,171,900,093	1,141,018,139	124,865,096	1,008,075,469	12,610,124	65,540	7,358,990
11,000 - 12,000	108,579	1,248,798,285	1,216,362,926	125,097,249	1,083,173,286	14,822,948	100,269	9,143,442
12,000 - 13,000	105,726	1,321,548,492	1,287,405,738	124,733,908	1,154,954,479	17,528,773	160,912	11,418,800
13,000 - 14,000	105,546	1,424,791,114	1,387,764,705	128,268,779	1,251,739,690	20,747,848	241,040	14,094,585
14,000 - 15,000	104,842	1,520,217,937	1,483,021,622	129,342,871	1,346,130,858	24,036,886	339,486	17,014,610
15,000 - 16,000	103,154	1,598,839,635	1,559,556,206	130,493,657	1,421,701,876	26,962,015	462,162	19,587,205
16,000 - 17,000	99,776	1,646,068,495	1,605,637,258	129,326,688	1,469,236,123	29,589,786	599,320	22,089,336
17,000 - 18,000	95,291	1,667,267,907	1,625,532,816	126,754,701	1,492,114,320	31,860,077	770,543	24,371,335
18,000 - 19,000	91,096	1,685,205,236	1,645,246,734	124,421,282	1,514,447,959	34,093,899	958,823	26,647,632
19,000 - 20,000	88,247	1,720,598,746	1,678,134,756	124,532,629	1,547,313,274	36,442,580	1,195,116	28,892,885
20,000 - 25,000	405,823	9,110,270,393	8,889,704,952	619,117,774	8,241,423,492	219,128,724	10,380,539	179,265,917
25,000 - 30,000	360,130	9,887,933,999	9,656,596,730	613,923,924	8,995,173,631	278,910,214	16,682,757	236,757,637
30,000 - 35,000	309,007	10,017,899,579	9,776,628,467	575,149,902	9,169,831,185	313,463,841	21,455,804	268,489,080
35,000 - 40,000	251,724	9,415,398,317	9,182,922,534	491,619,238	8,663,948,781	316,419,723	26,089,849	270,097,212
40,000 - 50,000	336,379	14,961,786,199	14,569,529,702	678,146,994	13,685,169,492	536,254,997	52,154,619	464,900,589
50,000 - 60,000	165,538	9,000,161,774	8,726,614,901	338,113,787	8,223,498,532	352,252,219	29,488,310	315,377,643
60,000 - 70,000	76,995	4,957,910,042	4,780,494,522	156,336,653	4,546,194,523	207,022,842	14,103,459	188,288,911
70,000 - 80,000	38,268	2,849,896,901	2,729,529,133	76,900,849	2,613,924,802	124,129,406	7,368,284	113,878,705
80,000 - 100,000	35,376	3,177,018,342	3,029,486,963	72,101,612	2,920,952,916	146,104,714	4,235,264	138,009,462
100,000 - 200,000	39,210	5,182,031,590	4,983,978,958	80,205,378	4,863,133,679	291,197,794	6,868,835	273,123,847
$200,000 & Above	14,271	8,006,757,958	7,486,073,975	28,436,826	7,443,556,856	590,632,380	10,025,373	423,871,900
Totals	4,229,473 (a)	$107,580,924,080	$104,310,751,479	$6,063,596,920	$97,403,504,131	$3,672,310,951	$203,817,979	$3,074,605,018

(a) Does not include returns filed solely for informational purposes.

Table 32

COMPARISON OF 1985 AND 1986 PERSONAL INCOME TAX RETURNS

Income Class (Federal Adjusted Gross Income)	Number of Returns		Federal Adjusted Gross Income		Ohio Taxable Income		Joint Filer Credit		Ohio Income Tax	
	1985	1986	1985	1986	1985	1986	1985	1986	1985	1986
$ 0 - $ 5,000	583,001	591,604	$1,554,433,246	$1,586,634,785	$1,071,405,025	$1,073,043,040	$ 48,972	$ 803	$ 4,503,948	$ 2,213,281
5,000 - 10,000	583,045	590,758	4,371,452,993	4,421,988,261	3,573,065,212	3,674,765,868	202,282	70,872	23,078,310	19,712,014
10,000 - 15,000	535,791	536,326	6,684,231,154	6,687,255,921	5,742,770,081	5,844,073,782	1,254,215	907,247	63,815,910	59,030,427
15,000 - 20,000	472,321	477,564	8,226,935,544	8,317,980,019	7,223,100,758	7,444,813,552	4,724,356	3,985,964	124,592,137	121,588,393
20,000 - 25,000	405,104	405,823	9,096,884,770	9,110,270,393	8,086,570,152	8,241,423,492	11,786,313	10,380,539	183,117,360	179,265,917
25,000 - 50,000	1,215,697	1,257,240	42,528,564,415	44,283,018,094	38,225,010,781	40,514,123,089	118,358,506	116,383,029	1,212,787,602	1,240,244,518
50,000 - 100,000	269,625	316,677	16,929,031,897	19,984,987,059	14,795,303,475	18,304,570,773	47,680,606	55,195,317	627,730,108	755,554,721
$100,000 and over	41,857	53,481	8,991,748,725	13,188,789,548	6,788,701,236	12,306,690,535	9,959,310	16,894,208	402,275,545	696,995,747
Total	4,106,441	4,229,473	$98,383,282,744	$107,590,924,080	$85,505,926,720	$97,403,504,131	$194,014,560	$203,817,979	$2,641,900,920	$3,074,605,018

Table 33

COMPARISON OF 1985 AND 1986 TAXABLE RETURNS

Income Class (Federal Adjusted Gross Income)	Taxable Returns		Ohio Income Tax	
	1985	1986	1985	1986
$ 0 - $ 5,000	237,851	219,570	$ 4,503,948	$ 2,213,281
5,000 - 10,000	418,509	418,786	23,078,310	19,712,014
10,000 - 15,000	458,533	460,923	63,815,910	59,030,427
15,000 - 20,000	447,122	462,437	124,592,137	121,588,393
20,000 - 25,000	391,160	399,841	183,117,360	179,265,917
25,000 - 50,000	1,187,806	1,245,534	1,212,787,602	1,240,244,518
50,000 - 100,000	263,330	313,977	627,730,108	755,554,721
$100,000 and over	39,988	52,583	402,275,545	696,995,747
Total	3,444,299	3,573,651	$2,641,900,920	$3,074,605,018

Table 34
1986 OHIO PERSONAL INCOME TAX RETURNS FOR ALL FILING STATUS CATEGORIES[a]

Income Class (Federal Adjusted Gross Income)	Number of Returns	Federal Adjusted Gross Income	Ohio Taxable Income	Ohio Income Tax	Effective Rate[b]
$ 0 - $ 5,000	591,604	$1,586,634,785	$1,073,043,040	$ 2,213,281	0.14%
5,000 - 10,000	590,758	4,421,988,261	3,674,765,868	19,712,014	0.45%
10,000 - 15,000	536,326	6,687,255,921	5,844,073,782	59,030,427	0.88%
15,000 - 20,000	477,564	8,317,980,019	7,444,813,552	121,588,393	1.46%
20,000 - 25,000	405,823	9,110,270,393	8,241,423,492	179,265,917	1.97%
25,000 - 50,000	1,257,240	44,283,018,094	40,514,123,089	1,240,244,518	2.80%
50,000 - 100,000	316,677	19,984,987,059	18,304,570,773	755,554,721	3.78%
$100,000 and over	53,481	13,188,789,548	12,306,690,535	696,995,747	5.28%
Total	4,229,473	$107,580,924,080	$97,403,504,131	$3,074,605,018	2.86%

(a) Column totals from tables 35, 36, and 37 will not add to figures on this table due to 140,670 returns for which filing status was not indicated, and which have not been verified.
(b) Ohio income tax divided by federal adjusted gross income.

Table 35
1986 OHIO PERSONAL INCOME TAX RETURNS FOR ALL RETURNS CLAIMING MARRIED JOINT FILING STATUS

Income Class (Federal Adjusted Gross Income)	Number of Returns	Federal Adjusted Gross Income	Ohio Taxable Income	Ohio Income Tax	Effective Rate[a]
$ 0 - $ 5,000	51,016	$ 152,145,775	$ 63,306,973	$ 22,530	0.01%
5,000 - 10,000	127,732	993,318,528	725,586,308	1,039,829	0.10%
10,000 - 15,000	176,803	2,222,132,010	1,815,262,878	10,005,346	0.45%
15,000 - 20,000	200,520	3,516,450,556	3,014,240,808	37,819,977	1.08%
20,000 - 25,000	222,646	5,018,235,048	4,425,368,030	84,493,631	1.68%
25,000 - 50,000	969,547	34,887,933,919	31,775,089,312	955,763,771	2.74%
50,000 - 100,000	284,342	17,930,669,592	16,426,943,700	674,267,770	3.76%
$100,000 and over	47,021	11,456,598,067	10,748,556,199	606,711,326	5.30%
Total	2,079,627	$76,177,483,495	$68,994,354,208	$2,370,124,180	3.11%

(a) Ohio income tax divided by federal adjusted gross income.

Table 36

1986 OHIO PERSONAL INCOME TAX RETURNS CLAIMING SINGLE FILING STATUS

Income Class (Federal Adjusted Gross Income)	Number of Returns	Federal Adjusted Gross Income	Ohio Taxable Income	Ohio Income Tax	Effective Rate[a]
$ 0 - $ 5,000	506,149	$1,342,781,671	$ 950,476,665	$ 2,049,812	0.15%
5,000 - 10,000	429,638	3,178,206,111	2,745,044,948	17,467,898	0.55%
10,000 - 15,000	389,603	5,020,158,403	4,559,131,417	59,460,047	1.18%
15,000 - 20,000	195,095	3,489,213,237	3,236,603,046	63,982,411	1.83%
20,000 - 25,000	166,390	3,716,397,210	3,479,661,100	87,248,260	2.35%
25,000 - 50,000	247,229	7,993,208,799	7,467,507,009	245,277,539	3.07%
50,000 - 100,000	23,739	1,517,447,316	1,389,797,303	61,223,388	4.03%
$100,000 and over	5,331	1,460,362,656	1,302,908,836	77,052,789	5.28%
Total	1,963,174	$27,717,775,403	$25,131,130,324	$613,762,144	2.21%

(a) Ohio income tax divided by federal adjusted gross income.

Table 37

1986 OHIO PERSONAL INCOME TAX RETURNS CLAIMING MARRIED SEPARATE FILING STATUS

Income Class (Federal Adjusted Gross Income)	Number of Returns	Federal Adjusted Gross Income	Ohio Taxable Income	Ohio Income Tax	Effective Rate[a]
$ 0 - $ 5,000	8,602	$ 23,952,337	$ 14,810,351	$ 33,626	0.14%
5,000 - 10,000	9,917	75,098,565	60,066,628	377,468	0.50%
10,000 - 15,000	9,483	117,468,899	100,760,803	1,141,532	0.97%
15,000 - 20,000	6,689	115,620,574	102,072,805	1,794,886	1.55%
20,000 - 25,000	4,172	93,000,973	82,930,979	1,909,542	2.05%
25,000 - 50,000	5,980	194,931,265	174,301,663	5,485,485	2.81%
50,000 - 100,000	866	56,459,105	50,046,684	2,164,059	3.83%
$100,000 and over	293	105,817,447	101,186,686	5,296,517	5.01%
Total	46,002	$782,349,165	$686,176,599	$18,203,115	2.33%

(a) Ohio income tax divided by federal adjusted gross income.

Table 38

1986 OHIO PERSONAL INCOME TAX RETURNS CLAIMING THE ADDITIONAL $350 PERSONAL EXEMPTION

Income Class (Federal Adjusted Gross Income)	Number of Returns	Federal Adjusted Gross Income	Reported Value of $350 Exemption	Ohio Taxable Income	Ohio Income Tax
$ 0 - $ 5,000	117,140	$ 584,516,384	$ 61,402,362	$ 233,103,948	$ 1,615,217
5,000 - 10,000	76,793	751,018,209	43,651,594	571,402,359	5,129,771
10,000 - 15,000	63,980	947,056,045	39,475,023	793,716,861	11,842,998
15,000 - 20,000	47,594	947,115,992	32,109,686	826,908,212	17,652,366
20,000 - 25,000	55,422	1,448,889,889	51,079,168	1,272,263,977	32,313,316
25,000 - 30,000	35,958	1,104,328,201	32,105,994	985,906,785	29,489,608
30,000 - 40,000	69,850	2,760,220,687	73,733,022	2,496,694,755	82,253,890
40,000 - 50,000	234,726	11,313,408,196	250,851,679	10,443,501,011	374,906,480
50,000 - 100,000	224,216	15,175,154,190	241,933,351	14,253,048,993	615,201,763
$100,000 and over	44,757	10,754,598,070	49,139,526	10,499,769,679	560,287,129
Total	970,436	$45,786,305,863	$875,481,405	$42,376,316,580	$1,830,692,538

Table 39

1986 OHIO PERSONAL INCOME TAX RETURNS CLAIMING THE $20 PERSONAL EXEMPTION CREDIT

Income Class (Federal Adjusted Gross Income)	Number of Returns	Federal Adjusted Gross Income	Ohio Taxable Income	Reported Value of $20 Exemption	Ohio Income Tax
$ 0 - $ 5,000	521,469	$2,093,144,084	$ 1,305,231,726	$ 11,695,179	$ 2,343,466
5,000 - 10,000	466,579	4,281,581,286	3,491,465,676	14,976,899	21,524,143
10,000 - 15,000	451,883	6,450,958,484	5,660,456,698	17,300,810	66,862,745
15,000 - 20,000	415,968	8,013,738,846	7,251,321,429	17,979,233	129,177,066
20,000 - 25,000	359,783	8,804,899,565	8,075,844,268	17,693,826	188,002,655
25,000 - 30,000	302,948	9,007,329,880	8,337,480,651	16,156,924	233,044,848
30,000 - 40,000	453,466	16,768,033,186	15,657,018,928	26,712,835	486,426,359
40,000 - 50,000	51,214	2,317,902,622	2,186,860,854	3,321,360	73,033,165
50,000 - 100,000	13,703	873,646,363	832,295,666	828,295	31,257,670
$100,000 and over	2,092	1,194,796,571	1,166,692,224	119,916	12,389,200
Total	3,039,105	$59,806,030,887	$53,964,668,120	$126,785,277	$1,244,061,317

Table 40

1986 OHIO PERSONAL INCOME TAX RETURNS ACCORDING TO OHIO TAXABLE INCOME CLASS

Income Class (Federal Adjusted Gross Income)	Number of Returns		Joint Filer Credit	Ohio Income Tax	
	Number	Percent of Total		Amount	Percent of Total
$ 0 - $ 5,000	773,252	18.27%	$ 12,595	$ 3,958,683	0.13%
5,000 - 10,000	607,682	14.36%	271,021	26,653,916	0.87%
10,000 - 15,000	538,039	12.71%	1,985,585	78,705,743	2.56%
15,000 - 20,000	464,236	10.97%	6,492,961	146,829,435	4.77%
20,000 - 25,000	415,630	9.82%	16,490,624	220,315,972	7.16%
25,000 - 30,000	339,222	8.01%	16,706,718	262,534,456	8.54%
30,000 - 40,000	523,681	12.37%	53,773,122	568,680,249	18.50%
40,000 - 50,000	286,097	6.76%	51,528,744	447,939,646	14.57%
50,000 - 100,000	238,133	5.62%	40,383,175	646,459,432	21.02%
$100,000 and over	46,967	1.11%	16,179,334	672,676,328	21.88%
Total	4,232,939	100.00%	$203,823,879	$3,074,753,860	100.00%

Table 41

1986 OHIO PERSONAL INCOME TAX RETURNS CLAIMING THE JOINT FILER CREDIT, BY INCOME CLASS[a]

Income Class (Federal Adjusted Gross Income)	Number of Returns Claiming Credit	Federal Adjusted Gross Income	Ohio Taxable Income	Joint Filer Credit	Ohio Income Tax
$ 0 - $ 5,000	369	$ 1,365,123	$ 613,092	$ 803	$ 3,188
5,000 - 10,000	11,443	97,055,669	75,926,481	70,872	283,621
10,000 - 15,000	48,509	622,048,998	519,135,872	907,247	3,629,783
15,000 - 20,000	85,187	1,504,462,663	1,312,216,090	3,985,964	15,946,391
20,000 - 25,000	116,672	2,637,040,219	2,358,965,852	10,380,539	41,530,212
25,000 - 50,000	655,768	24,031,261,246	22,138,420,686	116,383,029	643,228,989
50,000 - 100,000	210,762	13,134,175,163	12,198,376,349	55,195,317	487,974,459
$100,000 and over	24,763	5,465,105,078	5,268,330,319	16,894,208	319,815,663
Total	1,153,473	$47,492,514,159	$43,871,984,741	$203,517,979	$1,512,412,306

(a) A husband and wife who file a joint return are allowed a tax credit if each spouse earns at least $500 of wage income. The credit is graduated based on income.

Table 42

1986 OHIO PERSONAL INCOME TAX RETURNS BALANCE DUE AND REFUNDS[a]

Income Class (Federal Adjusted Gross Income)	Number of Returns with Balance Due	Balance Due Ohio	Number of Returns with Refunds	Refunds
$ 0 - $ 5,000	15,666	$ 81,041	114,681	$ 2,952,446
5,000 - 10,000	63,236	1,532,044	348,334	16,500,075
10,000 - 15,000	90,766	5,299,654	354,739	29,135,362
15,000 - 20,000	122,653	12,204,616	335,544	35,222,814
20,000 - 25,000	81,891	11,439,924	200,183	25,074,063
25,000 - 30,000	112,759	17,869,885	250,347	35,148,990
30,000 - 40,000	220,407	40,553,088	371,531	58,910,919
40,000 - 50,000	149,555	35,198,936	223,974	43,238,406
50,000 - 100,000	190,279	87,063,985	154,279	44,275,000
$100,000 and over	31,969	60,304,966	13,749	17,251,647
Total	1,079,181	$271,548,139	2,367,361	$307,707,722

(a) Balance due is defined as the amount the taxpayer owes after subtracting tax withholding and estimated payments for the year.

Table 43

1986 OHIO PERSONAL INCOME TAX RETURNS, BY COUNTY

County	Number of Returns	Federal Adjusted Gross Income	Ohio Income Tax
Adams	6,642	$120,066,146	$2,529,244
Allen	40,653	1,009,768,525	28,688,302
Ashland	17,530	391,006,544	9,904,028
Ashtabula	34,526	734,147,615	17,768,200
Athens	14,967	309,761,016	7,528,359
Auglaize	17,470	401,976,247	10,471,617
Belmont	25,868	535,276,746	12,823,540
Brown	11,232	228,717,961	5,326,941
Butler	100,881	2,720,608,165	79,643,519
Carroll	8,785	180,478,155	4,299,813
Champaign	13,080	302,304,091	7,698,721
Clark	53,609	1,284,924,986	34,670,140
Clermont	51,025	1,296,995,186	35,969,752
Clinton	13,077	292,335,463	7,558,436
Columbiana	37,761	786,434,758	18,790,913
Coshocton	12,788	278,431,270	7,026,483
Crawford	18,596	404,711,607	10,214,631
Cuyahoga	559,232	15,144,759,177	481,986,330
Darke	20,550	451,548,214	11,159,839
Defiance	14,921	381,531,513	10,600,848
Delaware	22,157	671,386,596	22,585,564
Erie	31,349	784,285,331	22,850,139
Fairfield	36,704	918,148,185	25,478,649
Fayette	10,033	197,578,664	4,567,743
Franklin	359,875	9,735,285,434	302,855,238
Fulton	15,097	363,100,293	9,670,174
Gallia	9,078	193,735,844	4,945,365
Geauga	30,699	938,382,610	31,802,418
Greene	48,020	1,359,009,654	36,865,308
Guernsey	13,571	268,368,017	6,247,073
Hamilton	336,195	9,728,730,658	325,321,896
Hancock	26,651	738,479,495	22,956,823
Hardin	10,484	221,419,736	5,250,146
Harrison	5,491	121,680,517	3,064,700
Henry	11,306	267,035,649	6,847,318
Highland	11,473	224,826,033	5,128,143
Hocking	8,070	159,139,274	3,611,754
Holmes	10,590	197,888,562	4,603,760
Huron	21,321	482,964,242	12,521,474
Jackson	9,485	194,971,957	4,807,387
Jefferson	29,557	655,473,748	16,741,215
Knox	15,781	335,603,847	8,043,462
Lake	88,499	2,346,329,907	68,872,300
Lawrence	18,183	369,980,156	8,667,229
Licking	47,237	1,153,723,794	31,815,521
Logan	14,620	323,222,465	8,105,990
Lorain	99,192	2,395,594,787	65,496,428
Lucas	174,401	$4,686,599,381	$142,723,657
Madison	12,013	269,128,158	6,770,498
Mahoning	99,473	2,194,162,598	57,661,028
Marion	23,198	527,446,364	13,703,488
Medina	46,473	1,279,833,261	37,989,419
Meigs	6,701	130,079,091	2,974,565
Mercer	15,305	336,354,745	8,149,760
Miami	35,925	932,414,746	27,423,177
Monroe	5,265	107,521,620	2,443,415
Montgomery	220,259	6,012,783,566	182,675,798
Morgan	4,463	88,006,701	2,012,017
Morrow	9,282	199,194,788	4,487,701
Muskingum	29,770	638,600,783	16,337,743
Noble	3,834	72,627,703	1,708,716
Ottawa	16,453	403,805,359	11,069,610
Paulding	7,646	175,187,947	4,261,426
Perry	10,048	199,198,371	4,528,284
Pickaway	15,324	350,371,382	8,909,859
Pike	6,643	128,120,002	2,872,196
Portage	49,847	1,232,772,116	35,245,618
Preble	14,563	327,999,623	8,131,575
Putnam	13,526	315,174,508	8,079,425
Richland	49,049	1,213,866,394	32,542,859
Ross	22,362	508,552,261	13,263,784
Sandusky	25,033	592,418,477	15,522,575
Scioto	22,988	475,357,724	11,936,171
Seneca	22,841	508,722,152	12,738,274
Shelby	16,922	404,789,281	10,634,358
Stark	144,901	3,462,512,636	97,941,818
Summit	198,552	5,278,189,747	163,152,615
Trumbull	88,270	2,141,389,424	60,274,901
Tuscarawas	32,337	674,399,227	16,573,384
Union	11,465	279,707,800	7,435,930
Van Wert	11,994	277,625,035	6,857,368
Vinton	3,289	61,919,437	1,410,852
Warren	39,088	1,062,444,290	31,224,033
Washington	23,152	529,775,832	12,736,612
Wayne	38,380	910,756,090	24,994,994
Williams	14,859	342,598,578	8,875,783
Wood	40,105	1,139,250,156	35,609,474
Wyandot	9,079	194,957,895	4,685,711
88 Cty. Total	4,048,989	$103,268,744,089	$3,032,953,344
Other*	180,476	4,658,207,121	54,451,643
State Total	4,229,465	$107,926,951,210	$3,087,404,987

* Including returns from out-of-state filers and returns not indicating county of residence.

Table 44

RANK OF COUNTIES BY AVERAGE INCOME, AS REPORTED ON 1986 OHIO PERSONAL INCOME TAX RETURNS

County	Average Federal Adjusted Gross Income	Percent of State Average
Geauga	30,567	119.79
Delaware	30,301	118.75
Hamilton	28,938	113.40
Wood	26,407	111.32
Greene	28,301	110.91
Hancock	27,709	108.59
Medina	27,539	107.92
Montgomery	27,299	106.98
Warren	27,181	106.52
Cuyahoga	27,081	106.13
Franklin	27,052	106.01
Butler	26,968	105.68
Lucas	26,873	105.31
Summit	26,583	104.18
Lake	26,513	103.90
Miami	25,954	101.71
Other [a]	25,811	101.15
Defiance	25,570	100.20
State Average	**25,518**	**100.00**
Clermont	25,419	99.61
Erie	25,018	98.04
Fairfield	25,015	98.03
Allen	24,839	97.34
Richland	24,748	96.98
Portage	24,731	96.92
Ottawa	24,543	96.18
Licking	24,424	95.71
Union	24,397	95.61
Trumbull	24,260	95.07
Lorain	24,151	94.64
Fulton	24,051	94.25
Clark	23,968	93.93
Shelby	23,921	93.74
Stark	23,896	93.64
Wayne	23,730	92.99
Sandusky	23,666	92.74
Henry	23,619	92.56
Putnam	23,301	91.31
Van Wert	23,147	90.71
Champaign	23,112	90.57
Williams	23,057	90.35
Auglaize	23,010	90.17
Paulding	22,912	89.79
Washington	22,883	89.67
Pickaway	22,864	89.60
Ross	22,742	89.12
Marion	22,737	89.10
Huron	22,652	88.77
Preble	22,523	88.26
Madison	22,403	87.79
Clinton	22,355	87.61
Ashland	22,305	87.41
Seneca	22,272	87.28
Jefferson	22,177	86.91
Harrison	22,160	86.84
Logan	22,108	86.64
Mahoning	22,058	86.44
Mercer	21,977	86.12
Darke	21,973	86.11
Coshocton	21,773	85.32
Crawford	21,763	85.29
Wyandot	21,473	84.15
Morrow	21,460	84.10
Muskingum	21,451	84.06
Gallia	21,341	83.63
Knox	21,266	83.34
Ashtabula	21,264	83.33
Hardin	21,120	82.76
Tuscarawas	20,855	81.73
Columbiana	20,827	81.62
Athens	20,696	81.10
Belmont	20,693	81.09
Scioto	20,679	81.04
Jackson	20,556	80.55
Carroll	20,544	80.51
Monroe	20,422	80.03
Brown	20,363	79.80
Lawrence	20,348	79.74
Perry	19,825	77.69
Guernsey	19,775	77.50
Hocking	19,720	77.28
Morgan	19,719	77.28
Fayette	19,693	77.17
Highland	19,596	76.79
Meigs	19,412	76.07
Pike	19,286	75.58
Noble	18,943	74.23
Vinton	18,826	73.78
Holmes	18,686	73.23
Adams	18,077	70.84

(a) Includes returns from out-of-state filers and returns not indicating county.

Table 45

PERSONAL INCOME TAXES REQUIRED TO BE RETURNED TO COUNTIES OF ORIGIN, SCHOOL FOUNDATION PAYMENTS, AND PROPERTY TAX RELIEF REIMBURSEMENT PAYMENTS, CALENDAR YEAR 1987, BY COUNTY*

County	Income Taxes Required To Be Returned To Counties	Actual Amount Returned For School Foundation Payments And Property Tax Relief Reimbursements		
		Total Payments	School Foundation	Property (1) Tax Relief
Adams	$1,430,812	$7,385,800	$6,849,499	$536,300
Allen	15,640,885	36,581,465	33,831,733	2,749,733
Ashland	5,615,231	14,572,014	13,231,228	1,340,786
Ashtabula	11,021,074	38,388,824	35,143,139	3,245,684
Athens	4,415,409	24,855,036	23,359,483	1,495,555
Auglaize	5,490,596	12,325,523	11,143,990	1,181,534
Belmont	7,690,622	22,537,370	20,537,903	1,999,466
Brown	3,062,702	12,882,900	12,106,453	776,447
Butler	43,901,499	84,146,817	75,265,444	8,881,373
Carroll	2,514,307	6,366,661	5,849,497	517,164
Champaign	4,299,083	13,407,598	12,469,725	937,873
Clark	19,258,629	56,504,159	52,777,909	3,726,250
Clermont	20,077,898	47,437,886	42,993,824	4,444,062
Clinton	3,921,854	14,972,333	13,814,995	1,157,338
Columbiana	11,117,459	41,428,472	38,743,498	2,684,974
Coshocton	4,023,224	7,612,781	6,665,519	947,262
Crawford	6,120,419	14,217,315	12,843,995	1,373,320
Cuyahoga	265,717,236	401,978,594	322,481,663	79,496,932
Darke	6,316,511	16,410,168	15,051,962	1,358,206
Defiance	5,911,032	12,443,345	11,261,190	1,182,154
Delaware	10,353,030	14,785,439	12,704,871	2,080,568
Erie	12,885,617	22,808,998	19,593,509	3,215,490
Fairfield	13,847,800	31,354,192	28,434,073	2,920,119
Fayette	2,627,310	9,599,544	8,933,459	666,085
Franklin	159,095,986	253,624,836	214,468,615	39,156,224
Fulton	5,581,995	13,422,643	11,959,339	1,463,304
Gallia	2,816,755	10,563,606	9,855,901	707,705
Geauga	17,310,997	17,759,731	13,804,509	3,955,222
Greene	20,830,695	43,628,681	38,846,782	4,781,900
Guernsey	3,762,321	11,735,243	10,591,646	1,143,597
Hamilton	160,875,779	234,817,973	197,361,472	37,446,500
Hancock	11,305,243	15,782,927	13,696,139	2,086,788
Hardin	2,948,038	12,516,360	11,580,250	936,111
Harrison	1,518,888	5,777,650	5,323,283	454,368
Henry	3,925,178	10,972,225	9,830,855	1,141,370
Highland	2,909,816	13,241,908	12,474,376	767,532
Hocking	2,060,635	5,984,510	5,466,624	517,887
Holmes	2,401,305	6,779,217	6,049,205	730,012
Huron	7,170,678	18,663,916	17,136,034	1,527,882
Jackson	2,645,590	12,629,150	12,035,653	593,497
Jefferson	9,636,793	22,080,843	20,193,672	1,887,170
Knox	4,674,651	13,580,462	11,926,964	1,653,498
Lake	39,304,953	48,332,929	37,878,910	10,454,020
Lawrence	5,208,089	33,506,259	32,288,300	1,217,959
Licking	17,523,70	36,495,516	32,783,410	3,712,105
Logan	$4,372,202	$14,432,809	$13,250,577	$1,182,232
Lorain	39,117,170	91,051,913	81,938,824	9,113,089
Lucas	79,527,222	138,528,256	120,308,083	18,220,174
Madison	3,872,000	12,437,058	11,262,539	1,174,519
Mahoning	33,829,314	93,402,777	83,942,176	9,460,602
Marion	7,910,180	22,006,209	20,182,388	1,823,821
Medina	21,212,909	39,320,512	34,525,792	4,794,720
Meigs	1,839,615	9,017,475	8,465,853	551,623
Mercer	4,325,672	15,088,203	13,780,147	1,308,056
Miami	14,010,657	30,692,472	27,829,017	2,863,454
Monroe	1,671,773	5,777,757	5,267,340	510,416
Montgomery	101,597,649	163,029,684	141,036,933	21,992,753
Morgan	1,186,527	5,083,698	4,824,054	259,644
Morrow	2,668,855	9,745,705	9,001,835	743,870
Muskingum	9,344,316	34,190,217	31,808,515	2,381,702
Noble	1,068,539	3,716,885	3,387,721	329,165
Ottawa	6,075,550	7,872,057	6,478,450	1,393,607
Paulding	2,461,130	7,795,568	7,099,402	696,166
Perry	2,818,417	13,025,843	12,297,788	728,056
Pickaway	5,078,469	14,805,613	13,778,758	1,026,855
Pike	1,822,997	13,642,322	13,095,569	546,754
Portage	19,527,841	48,614,949	44,352,312	4,262,637
Preble	4,682,960	13,064,709	11,883,803	1,180,906
Putnam	4,265,847	11,814,722	10,819,186	995,536
Richland	18,909,651	41,104,948	36,613,264	4,491,685
Ross	8,068,051	21,893,791	20,038,286	1,855,505
Sandusky	8,682,918	20,775,448	18,890,244	1,885,203
Scioto	6,798,434	41,508,870	39,683,662	1,825,207
Seneca	7,227,179	16,365,805	14,870,687	1,495,119
Shelby	5,608,584	12,956,515	11,904,736	1,051,778
Stark	55,015,634	110,926,078	99,660,486	11,265,582
Summit	86,367,201	150,241,767	128,134,382	22,117,384
Trumbull	37,119,683	69,109,100	61,146,668	7,962,433
Tuscarawas	9,453,995	25,753,529	23,322,423	2,430,906
Union	4,074,740	6,174,564	5,181,307	993,257
Van Wert	3,975,032	7,737,644	6,831,999	905,646
Vinton	809,298	4,955,380	4,717,738	237,642
Warren	17,347,557	31,554,438	28,314,130	3,240,309
Washington	7,622,688	18,581,602	16,969,451	1,612,151
Wayne	13,701,562	28,071,509	25,028,948	3,042,561
Williams	4,866,758	11,046,153	10,007,110	1,039,042
Wood	18,387,845	32,446,255	28,606,701	3,839,553
Wyandot	2,720,311	6,503,883	5,888,396	615,487
Total	$1,661,813,464	$3,282,764,313	$2,878,068,180	$404,696,133

*Ohio's Constitution requires 50% of all personal income tax collections to be returned to counties of origin. This requirement is met by school foundation payments and property tax reimbursements.

(1) This category includes reimbursement for the 10% rollback and the homestead exemption.

SOURCE: Records of the Office of Budget and Management.

Table 46

PERSONAL INCOME TAX RETURNS FILED BY EMPLOYERS AND INDIVIDUALS DURING FISCAL YEAR 1987 AND 1988

	1987				1988			
	Number of Returns		Amount of Tax Payment		Number of Returns		Amount of Tax Payment	
Type of Return	Number	Percent	Amount	Percent	Number	Percent	Amount	Percent
Employer (Withholding):								
Monthly & Quarterly	1,083,222	16.68%	$2,688,663,618	75.30%	1,103,595	16.17%	$2,830,411,319	75.20%
Annual	189,258	2.91	7,688,535	.22	194,078	2.84	8,756,313	.23
Subtotal	1,272,480	19.59%	$2,696,352,153	75.52%	1,297,673	19.01%	$2,839,167,632	75.43%
Individual Taxpayer:								
Quarterly	815,639	12.56%	$528,684,067	14.81%	899,070	13.18%	$582,048,594	15.47%
Annual	4,406,756	67.85	345,336,350	9.67	4,627,140	67.81	342,322,003	9.10
Subtotal	5,222,395	80.41%	$874,020,417	24.48%	5,526,210	80.99%	$924,370,597	24.57%
Total	6,494,875	100.00%	$3,570,372,570	100.00%	6,823,883	100.00%	$3,763,538,229	100.00%
Other Collections:								
Attorney General			$6,233,998				$11,697,436	
Assessment Payments			9,789,213				8,143,956	
Adjustment for Bad Checks			(209,110)				(260,626)	
Total			$15,814,101				$19,580,766	
Tax Refunded			(369,129,953)				(415,672,986)	
Total Net Tax Collected			$3,217,056,718				$3,367,446,009	

Table 47

PERSONAL INCOME TAX COLLECTIONS, BY MONTH, FISCAL YEAR 1988

Month	Employer Withholding[a]	Individual Taxpayer[b]	Other Collections[c]	Refunds	Total
July	$ 228,430,435	$ 13,520,188	$ 2,102,337	$ (14,272,689)	$ 229,780,271
August	259,837,650	20,069,011	978,978	(5,506,259)	275,379,380
September	188,526,536	106,456,355	1,852,691	(6,502,174)	290,333,408
October	219,549,464	17,794,303	1,143,747	(5,256,188)	233,231,326
November	255,657,144	4,752,975	1,543,221	(6,500,907)	255,452,433
December	199,635,781	50,777,535	2,375,622	(2,052,947)	250,735,991
January	278,499,349	187,848,287	1,364,706	(799,608)	466,912,734
February	284,072,761	24,745,614	1,194,353	(68,425,912)	241,586,816
March	213,956,099	30,545,036	1,686,150	(98,400,600)	147,786,685
April	246,737,702	182,101,843	2,238,263	(94,993,207)	336,084,601
May	258,759,666	182,640,943	1,900,730	(72,989,497)	370,311,842
June	205,505,043	103,118,505	1,199,969	(39,972,998)	269,850,519
Total	$2,839,167,630	$924,370,595	$19,580,767	$(415,672,986)	$3,367,446,006

(a) Monthly, Quarterly, and Annual returns
(b) Quarterly Estimated and Annual returns
(c) Attorney General collections, assessments, and bad checks

SCHOOL DISTRICT INDIVIDUAL INCOME TAX

The law authorizing the current school district income tax was effective November 15, 1981. Currently the five districts which levy the tax are: Anna Local, Arlington Local, Bradford Exempted Village, McComb Local, and West Liberty-Salem Local. H.B. 291 of the 115th General Assembly repealed the authority of any school district to collect an income tax after August 2, 1983; however, those districts which approved the tax on or before that date may continue to levy the tax. The school district income tax is imposed on the incomes of residents and estates.

The Department of Taxation administers the tax and employer withholding is required. During fiscal year 1988 total gross collections for all districts were $1.2 million, prior to deductions for administrative costs and refunds.

TAX BASE (R.C. 5748.01):

For individuals, adjusted gross income for state income tax purposes less personal exemptions. For estates, taxable income for state income tax purposes.

RATES (5748.02):

The tax rates imposed are:

School District	Tax Rate
Anna Local	.50%
Arlington Local	.75
Bradford Exempted Village	1.00
McComb Local	1.00
West Liberty-Salem Local	.50

SPECIAL PROVISION:

No new school district income taxes may be levied.

TAXPAYER (R.C. 5748.01):

Every individual or estate having income upon which a school district income tax is imposed.

PAYMENT DATES (R.C. 5747.06-5747.09):

Individual Taxpayers:

1. Calendar year taxpayer files an annual return between January 1 and April 15.
2. Fiscal year taxpayer files before the 15th day of the fourth month after the end of the fiscal year.
3. Taxpayers making quarterly declarations must file an annual estimated return on or before April 15 and quarterly payments of the tax must be made on or before April 15, June 15, and September 15 of the current year and January 15 of the next year.

For Employers:

1. If the employer withholds on a quarterly basis for state income tax purposes, payment is made for both taxes within 30 days after the last day of the quarter ending March, June, September, and December.
2. If the employer withholds on a monthly basis for state purposes, remittances are made for both taxes within 10 banking days after the close of each calendar month.

ADMINISTRATION (R.C. 5747.03):

The Tax Commissioner administers the tax for school districts.

DISPOSITION OF REVENUE (R.C. 5747.03):

Collections are deposited into a School District Income Tax Fund to be distributed back to the school district less 3% retained for state administrative purposes. During the first 16 months the school district income tax is in effect, advance payments to the school district will be made on April 10, July 10, and October 10 of the first calendar year and on January 10 and April 10 of the following calendar year. Each of these advance payments will equal 90% of the amount paid into the fund during the preceding three months. On July 10 of each year, reconciliation between advance payments made to the school district and collections deposited into the School District Income Tax Fund are made. After this initial period, quarterly payments are made to the school district equal to 22.5% of the amount received by the school district during the preceding fiscal year.

OHIO REVISED CODE CITATIONS:

Chapter 5747 and 5748.

DEALERS IN INTANGIBLES TAX

Prior to 1986, Ohio law provided for the taxation of five classes of intangible property--investments, credits, money, other intangible property, and shares in and capital employed by dealers in intangibles. Beginning in 1986, only the latter of the five is taxable.

In calendar year 1985, with all five classes of intangible property still taxable, $170,630,792 was collected, with over 90 percent being collected by local governments.

In calendar year 1988, with only the dealers in intangibles subject to the tax, a total of $12,215,631 was collected, with 5/8 going to local governments and 3/8 going to the state.

TAX BASE (R.C. 5725.13, 5725.14, 5725.15):

The tax base for dealers in intangibles is either:

1. shares of stock of incorporated dealers in intangibles and unincorporated dealers in intangibles with capital stock divided into shares; or
2. capital employed in Ohio by an unincorporated dealer in intangibles with capital stock not divided into shares.

For dealers in intangibles with offices in more than one state, the tax base is allocated to Ohio based on gross receipts from offices in Ohio.

RATES (R.C. 5707.03):

Rate on fair value of shares or capital employed was 6 mills before July 1, 1987. The rate was raised to 8 mills effective July 1, 1987.

EXEMPTIONS (R.C. 5709.04, 5725.01, 5725.26):

Excluded from definition of dealer in intangibles:

1. institutions used exclusively for charitable purposes;
2. insurance companies;
3. financial institutions.

Shares owned by the following are excluded from base:

1. financial institutions;
2. domestic insurance companies;
3. institutions used exclusively for charitable purposes;
4. other dealers in intangibles.

TAXPAYER (R.C. 5725.01):

Firms having an office in Ohio and engaged in: (1) lending money; (2) discounting, buying, or selling bills or exchange, drafts, acceptances, notes, mortgages, or other evidences of indebtedness; or (3) buying or selling bonds, stocks, or other investment securities.

FILING AND PAYMENT DATES (R.C. 5725.06, 5725.10, 5725.14, 5725.16, 5725.22):

Second Monday in March -- Returns must be filed by this date unless a time extension (not to exceed 30 days) is allowed by the Tax Commissioner.

First Monday in May -- Tax Commissioner certifies tax base by county to State Treasurer.

State Treasurer issues tax bill within 20 days of certification by Tax Commissioner with payment due 20 to 30 days from the date the bill is mailed.

DISPOSITION OF REVENUE (R.C. 5725.15, 5725.24):

1. Before July 1, 1987, one mill of receipts credited to state General Revenue Fund. Effective July 1, 1987, three mills of receipts credited to state General Revenue Fund.
2. Five mills of receipts distributed to the county where the firm's capital was employed (determined on the basis of gross receipts). Revenue is placed in each county's undivided local government fund and distributed among the local subdivisions by the county budget commission.

OHIO REVISED CODE CITATIONS:

Chapters 5707, 5709, and 5725.

ADMINISTRATION (R.C. 5725.14):

Returns are filed with the Tax Commissioner -- who determines the taxable values. Taxes are collected by the State Treasurer.

Table 48

INTANGIBLE PROPERTY TAXES LEVIED, BY LEVEL OF COLLECTION AND FORM OF PROPERTY, CALENDAR YEARS 1984-1988

Level of Collection and Form of Property	1984	1985	1986	1987	1988
Locally-Collected[a]					
Productive Investments	$135,255,921	$144,078,983	0	0	0
Unproductive Investments	3,834,794	3,522,776	0	0	0
Deposits	0	0	0	0	0
Credits	7,058,922	7,744,546	0	0	0
Money & Other Intangibles	1,172,776	1,271,993	0	0	0
Total -- Locally-Collected	**$147,322,413**	**$156,618,298**	**0**	**0**	**0**
State-Collected					
Public Utility Companies:					
Productive Investments	$28,929	$37,206	0	0	0
Unproductive Investments	4,635	1,247	0	0	0
Deposits	0	0	0	0	0
Credits	545,823	727,041	0	0	0
Money & Other Intangibles	12,271	8,566	0	0	0
Total	$491,658	$774,060	0	0	0
Intercounty Corporations:					
Productive Investments	$2,773,614	$2,389,834	0	0	0
Unproductive Investments	1,169,467	852,209	0	0	0
Deposits	0	0	0	0	0
Credits	3,466,452	4,151,360	0	0	0
Money & Other Intangibles	369,750	389,934	0	0	0
Total	$7,779,283	$7,783,337	0	0	0
Dealers in Intangibles:					
Shares in	$5,180,737	$5,455,097	$6,865,645	$8,185,274	$12,215,631
Total -- State-Collected	**$13,551,678**	**$14,012,494**	**$6,865,645**	**$8,185,274**	**$12,215,631**
Grand Total	**$160,874,091**	**$170,630,792**	**$6,865,645**	**$8,185,274**	**$12,215,631**

(a) Includes property of individuals, partnerships, and single-county corporations.

NOTE: Tax paid by financial institutions and tax on deposits repealed effective in 1984. Beginning in 1986, only dealers in intangibles are taxed.

TABLE 49

COUNTY SHARE OF INTANGIBLE PROPERTY TAXES ASSESSED ON DEALERS IN INTANGIBLES, CALENDAR YEAR 1988

County	County Share of Assessed Taxes	County	County Share of Assessed Taxes	County	County Share of Assessed Taxes
Adams	0	Hardin	$1,123	Pickaway	$3,264
Allen	$15,879	Harrison	0	Pike	734
Ashland	1,470	Henry	349	Portage	11,123
Ashtabula	3,942	Highland	0	Preble	1,036
Athens	3,953	Hocking	502	Putnam	684
Auglaize	4,487	Holmes	0	Richland	25,664
Belmont	431	Huron	2,039	Ross	5,093
Brown	0	Jackson	1,987	Sandusky	674
Butler	42,415	Jefferson	18,385	Scioto	4,828
Carroll	0	Knox	531	Seneca	2,589
Champaign	0	Lake	93,136	Shelby	1,933
Clark	19,381	Lawrence	160,001	Stark	197,641
Clermont	170,851	Licking	8,438	Summit	243,383
Clinton	484	Logan	8,281	Trumbull	18,935
Columbiana	6,211	Lorain	25,642	Tuscarawas	5,197
Coshocton	3,956	Lucas	268,231	Union	1,704
Crawford	569	Madison	2,869	Van Wert	800
Cuyahoga	2,202,198	Mahoning	294,544	Vinton	0
Darke	2,410	Marion	6,724	Warren	1,296
Defiance	2,887	Medina	4,781	Washington	98,167
Delaware	6,335	Meigs	76	Wayne	4,820
Erie	8,021	Mercer	1,283	Williams	2,691
Fairfield	19,566	Miami	4,860	Wood	1,794
Fayette	4,670	Monroe	0	Wyandot	0
Franklin	1,234,980	Montgomery	1,078,698		
Fulton	100	Morgan	47	Total Local	
Gallia	2,153	Morrow	78	Revenue (5 mills)	$7,587,651 (a)
Geauga	0	Muskingum	9,552		
Greene	4,206	Noble	0	State General	
Guernsey	2,085	Ottawa	0	Revenue (3 mills)	$4,627,980
Hamilton	1,145,178	Paulding	0		
Hancock	52,210	Perry	365	Grand Total	$12,215,631

(a) May not add to county figures due to rounding.

LIBRARY AND LOCAL GOVERNMENT SUPPORT FUND

The library and local government support fund (LLGSF) was created in House Bill 291 of the 115th General Assembly, to replace the locally-collected intangible property tax, which was repealed beginning in calendar year 1986. The purpose of this fund is to provide state aid to counties on a monthly basis for libraries and local governments which were receiving revenue from the intangible property tax.

Approximately 96% of the state aid is distributed to libraries; however, there are nine counties which provide a portion of these funds to local governments. House Bill 291 created a 12-member Public Library Financing and Support Committee to assist the legislature and Governor in developing an equitable method of distributing the funds among the counties. The committee issued a report which included a distribution formula that was incorporated in House Bill 146. This bill was passed by the Legislature in May 1985, and signed into law by the Governor on July 12, 1985. In the first distribution year, calendar year 1986, a total of $178.2 million was distributed to county governments by the Department of Taxation. During calendar year 1988 $218.3 million was distributed.

REVENUE SOURCE (R.C. 5747.03):

The library and local government support fund consists of 6.3% of the preceding month's personal income tax collections.

DISTRIBUTIONS TO COUNTIES (R.C. 5747.46):

The distribution formula contained in Ohio Revised Code Section 5747.46 consists of two parts: the guaranteed share; and the share of the excess.

The guaranteed share for the calendar year 1988 distribution was equal to the 1987 total LLGSF for the year plus an inflation factor of 3.8%. Each county received a portion of the guaranteed share equal to the county's percentage of the state LLGSF total for 1987.

The share of the excess portion for calendar year 1988 was equal to the 1988 LLGSF total less the guaranteed share of the fund. This amount was distributed among counties based on their equalization ratios. The equalization ratio was determined by the county's most recent percentage of the state's population and the county's percentage share of the previous year's total distribution. Each county's equalization ratio was multiplied by the total amount of the share of the excess to determine each county's portion of that amount. The ratio will allow those counties that have had the lowest per capita intangible taxes levied in prior years the greatest per capita growth in funding, while assuring that all counties have relative growth.

MONTHLY DISTRIBUTION PROCEDURE (R.C. 5747.47 and 5747.48):

Allocations from the previous month's LLGSF balance to counties are made on or before the tenth of each month. The Department of Taxation determines the total amount available and then determines the allocation to be made to each county. The allocation of the county LLGSF is made by the county treasurer among the county, boards of public library trustees, municipal corporations, and the board of township park commissioners on or before the fifteenth of each month.

USE OF FUNDS DISTRIBUTED (R.C. 3375.05, 3375.121, 3375.40, 3375.403, 3375.82, 3375.85, and 5705.32):

The county budget commission determines the amounts to be given to all libraries. The amount given to each library is based on its needs for building construction and improvement, operations, maintenance, and other expenses required for the library and its branches. The amount paid to all libraries shall never be a smaller percentage than the average percentage of the county's classified property taxes that were distributed to libraries in 1982, 1983, and 1984. After fixing the amount to be distributed to libraries in the county, the county budget commission shall fix an amount to distribute to municipal corporations in the county. Each municipal corporation shall receive a percentage of the remainder equal to the percent received of classified property taxes originating from such municipality in 1984.

REVENUE ENTITLEMENTS TO COUNTIES (5747.47):

The Department of Taxation certifies three entitlement figures to counties for each year, one by July 20th of the previous year, one by December 20th of the previous year and the other by June 20th of the distribution year. The certification made to counties in December will also certify the amount the county was entitled to receive under the distribution formula during the current calendar year, the amount the county actually received, and the difference between the two. During the first six months of the next year each county's distribution will be adjusted for any overpayment or underpayment in the preceding year. Table 50 shows the amounts actually distributed to the counties in 1988, $218.3 million.

Table 50

LIBRARY AND LOCAL GOVERNMENT SUPPORT FUND: AMOUNTS DISTRIBUTED TO COUNTIES, CALENDAR YEAR 1988

County	Amount Distributed	County	Amount Distributed	County	Amount Distributed
Adams	$ 353,481.89	Hamilton	$30,931,501.78	Noble	$ 193,497.38
Allen	1,835,412.32	Hancock	1,601,437.01	Ottawa	683,936.74
Ashland	806,562.60	Hardin	453,323.08	Paulding	300,966.63
Ashtabula	1,488,053.44	Harrison	357,644.96	Perry	453,334.01
Athens	823,023.73	Henry	409,809.22	Pickaway	616,106.83
Auglaize	746,149.85	Highland	509,262.34	Pike	356,558.59
Belmont	1,188,227.99	Hocking	353,143.54	Portage	2,117,187.69
Brown	488,473.59	Holmes	443,608.10	Preble	562,991.10
Butler	4,187,476.97	Huron	876,485.74	Putnam	485,142.48
Carroll	393,422.67	Jackson	477,678.55	Richland	2,281,567.89
Champaign	487,815.19	Jefferson	1,286,895.91	Ross	989,217.52
Clark	2,236,237.20	Knox	730,705.39	Sandusky	961,592.71
Clermont	2,026,114.63	Lake	3,982,997.82	Scioto	1,202,070.79
Clinton	598,776.75	Lawrence	900,269.01	Seneca	991,117.91
Columbiana	1,646,158.64	Licking	1,953,073.75	Shelby	749,382.24
Coshocton	594,438.09	Logan	594,518.57	Stark	6,987,282.51
Crawford	794,116.85	Lorain	4,015,949.33	Summit	10,269,527.68
Cuyahoga	37,053,562.66	Lucas	9,133,121.51	Trumbull	3,709,375.40
Darke	825,841.52	Madison	503,461.33	Tuscarawas	1,307,545.02
Defiance	597,731.92	Mahoning	4,545,212.21	Union	482,303.49
Delaware	1,064,504.91	Marion	1,005,623.23	Van Wert	471,947.24
Erie	1,518,757.39	Medina	1,802,617.86	Vinton	163,017.25
Fairfield	1,545,554.86	Meigs	339,010.40	Warren	1,600,754.85
Fayette	413,936.27	Mercer	619,273.52	Washington	957,756.70
Franklin	20,383,039.26	Miami	1,647,456.41	Wayne	1,883,959.92
Fulton	636,225.56	Monroe	233,062.05	Williams	648,435.05
Gallia	438,381.05	Montgomery	12,223,450.82	Wood	2,532,741.40
Geauga	2,137,950.07	Morgan	203,008.29	Wyandot	351,120.96
Greene	2,255,416.72	Morrow	385,941.72		
Guernsey	586,198.38	Muskingum	1,280,629.53	Total	$218,263,653.93

STATE AND COUNTY LOCAL GOVERNMENT FUNDS

The tables in this section deal with certain state-imposed taxes which are collected by the state treasurer but are distributed to local governments for their disposition. Revenues from these taxes are commonly referred to as local government fund moneys. Ohio has in fact 89 "local government" funds - one state fund, and 88 county funds. These funds are closely interrelated in law and administrative practice, but by statute they are also sharply differentiated, both as to the revenues of which they are composed and the formulas under which they are distributed. In the language of the statutes, there is one state "local government fund." There are 88 county "undivided local government funds." The accompanying tables show state and county undivided local government fund statistics for calendar year 1988 and the descriptions which follow reflect statutes in force during 1988.

REVENUE SOURCES FOR STATE LOCAL GOVERNMENT FUND (R.C. 5733.12, 5739.21, 5747.03):

The state local government fund is composed of 4.5% of the state sales tax, use tax, personal income tax, corporate franchise tax, and public utility excise tax. (Prior to February 1, 1988, the fund was composed of 3.5% of the state sales and personal income tax, and 15.4% of corporate franchise taxes.) Effective July 1, 1989, the percentage will increase to 4.6%.

DETERMINATION OF COUNTY AND MUNICIPAL PORTIONS (R.C. 5747.50):

Before state local government fund revenues are distributed to local governments, the total amount in the fund is divided into municipal and county portions. This division of the state local government fund is determined by statutory formula. The total amount distributed to the county undivided local government funds equals: (1) nine tenths of the difference between the amount transferred to the state local government fund and 145.45% of the 1983 deposits tax revenue; plus (2) 145.45% of the 1983 deposits tax revenue; less (3) $6 million. The remainder (1/10 of the difference between the amount transferred and 145.45% of the 1983 deposits tax plus $6 million) is distributed directly to municipalities.

DISTRIBUTIONS TO COUNTY UNDIVIDED LOCAL GOVERNMENT FUNDS (R.C. 5747.501):

Each year, each county's share of the local government fund is determined as follows:

FORMULA 1: Each county receives 145.45% of the deposits taxes it actually received from financial institutions in 1983. Nine-tenths of the remaining revenue in the fund (less $6 million) is distributed on the basis of the county's population at the last decennial census and the value of property within municipalities in the county for the second preceding year (25% is distributed based on population and 75% is distributed based on municipal property values). The minimum distribution from the population/valuation segment is $225,000. These two amounts are added together to determine the county's "formula 1" amount.

FORMULA 2: Nine-tenths of the total state local government fund (less $6 million) is distributed to the counties based on county population and county municipal property values (25% based on population and 75% based on property values). The minimum distribution is $225,000. This is the county's "formula 2" amount.

The highest of these two formula allocations (called the "assigned amount") is taken for each county and these amounts for the 88 counties are added together to get a statewide total. Each county's "assigned amount" is then computed as a percentage of the total of the 88 "assigned amounts." Each county's percentage is its share of the county portion of the state local government fund. These percentages are applied against the total amount in the fund to determine each county's distribution.

However, regardless of the resulting amounts, each county is guaranteed at least the amount it actually received in 1983. In addition, each county undivided local government fund receives 5 mills of the tax on dealers in intangibles attributed to that county.

DIRECT DISTRIBUTIONS TO MUNICIPALITIES (R.C. 5747.50):

Each municipality levying an income tax in the preceding year receives a share of the municipal portion of the state local government fund. The share each receives equals its percentage of total municipal income taxes collected in the state in the second preceding year.

MONTHLY DISTRIBUTION PROCEDURE (R.C. 5747.50):

Allocations from the state local government fund to both municipal corporations and counties are made on or before the tenth of each month. Only the portion distributed to the counties is subject to possible further adjustments--to meet a minimum allocation per month of $25,000 and a minimum allocation per year equal to the amount actually received in calendar year 1983. The statutes authorize adjustments to be made in December to ensure each county the minimum allocation to which it is entitled for the entire calendar year. They also authorize moneys to be withheld during December or the ensuing calendar year so that the total amount received by a county does not exceed the proportionate share to which it is entitled or its statutory minimum, whichever is greater.

USE OF FUNDS DISTRIBUTED TO MUNICIPALITIES AND COUNTIES (R.C. 5747.50-5747.53):

All amounts received by a municipal corporation from the municipal portion of the state local government fund are paid into the municipality's general fund to be used for any lawful purpose. However, the amount which a county receives from the state local government fund is expressly designated for deposit in the county's undivided local government fund, where it is combined with revenue from one other source, state-collected intangible taxes paid by dealers in intangibles which are returned to the counties of origin. From the county undivided local government fund these moneys are then disbursed to local governments to be used for current operating expenses--to the county government itself, to municipalities, townships, and special districts. The statutes provide for these fund distributions to be made according to percentage determinations previously arrived at by each county budget commission on the basis of revenue estimates supplied by the Department of Taxation and according to specific statutory guidelines which are intended to yield a distribution which reflects the "needs" of the various recipient governmental units or according to alternative apportionment methods or formulas devised by the county budget commission. Such alternative apportionments are authorized if approved by subdivisions within the county as required by statute.

REVENUES DISTRIBUTED TO LOCAL GOVERNMENTS IN 1988:

In 1988, about $361.0 million was distributed to local governments from the state local government fund. An additional $8.3 million was earmarked for the county undivided local government fund from the tax on dealers in intangibles. As shown in Table 51, the amount distributed from the state local government fund increased 6.9% from 1987 to 1988, while the earmarked intangibles taxes increased 7.9%. Table 52 shows the amounts distributed from the state local government fund to counties and municipalities by county in 1988. Table 53 shows the amounts distributed to counties for redistribution by the county budget commissions in 1988. The amount actually distributed by the budget commissions in 1987 are shown in Table 54 by type of subdivision for each county.

Table 51

TOTAL STATE-COLLECTED REVENUES DISTRIBUTED FOR GENERAL LOCAL GOVERNMENTAL PURPOSES, CALENDAR YEARS 1984-1988

	Total State Local Government Fund		Earmarked Intangible Taxes		State LGF and Intangible Taxes Combined	
	Amount	Percent Increase	Amount	Percent Increase	Amount	Percent Increase
1984	$277,430,325	+67.18	$4,773,659	-95.43	$282,203,984	+4.34
1985	298,436,550	+ 7.57	6,038,325	+26.49	304,474,875	+7.89
1986	313,922,173	+ 5.19	6,660,869	+10.31	320,583,042	+5.29
1987	337,670,959	+ 7.57	7,739,207	+16.19	345,410,166	+7.74
1988	360,971,866	+ 6.90	8,348,182	+ 7.87	369,320,048	+6.92

Source: Records of Ohio Department of Taxation.

Table 52

STATE LOCAL GOVERNMENT FUND:(a) AMOUNTS DISTRIBUTED TO COUNTIES AND MUNICIPALITIES, BY COUNTY, CALENDAR YEAR 1988

Counties	To County Undivided Local Government Fund	To Municipalities	Total State LGF
Adams	$414,740	$232	$414,973
Allen	3,093,771	160,562	3,254,332
Ashland	1,206,111	72,903	1,279,014
Ashtabula	2,411,455	114,664	2,526,119
Athens	1,032,942	41,618	1,074,560
Auglaize	1,291,707	51,872	1,343,579
Belmont	2,033,425	16,017	2,049,442
Brown	587,542	4,419	591,962
Butler	7,581,684	531,834	8,113,518
Carroll	416,371	7,265	423,636
Champaign	812,416	29,818	842,234
Clark	3,202,644	337,456	3,540,100
Clermont	1,742,383	18,534	1,760,917
Clinton	786,998	13,376	800,374
Columbiana	2,432,415	92,218	2,524,633
Coshocton	900,657	35,562	936,220
Crawford	1,423,259	51,000	1,474,260
Cuyahoga	65,996,109	6,766,508	72,762,617
Darke	1,326,732	38,129	1,364,861
Defiance	1,110,398	48,800	1,159,198
Delaware	1,449,355	53,520	1,502,875
Erie	2,081,947	93,775	2,175,722
Fairfield	2,154,166	77,517	2,231,684
Fayette	606,698	20,809	627,506
Franklin	34,485,763	3,973,884	38,459,647
Fulton	1,135,516	61,794	1,197,310
Gallia	544,307	21,018	565,324
Geauga	1,244,573	35,178	1,279,751
Greene	3,687,971	123,062	3,811,033
Guernsey	1,011,210	37,687	1,048,897
Hamilton	29,377,200	3,297,798	32,674,998
Hancock	2,060,570	108,557	2,169,127
Hardin	745,409	29,549	774,958
Harrison	413,297	5,977	419,274
Henry	733,308	22,393	755,701
Highland	760,648	22,121	782,770
Hocking	487,624	23,683	511,307
Holmes	500,403	6,382	506,785
Huron	1,555,573	74,387	1,629,960
Jackson	640,074	0	640,074
Jefferson	2,711,661	77,742	2,789,403
Knox	1,142,819	51,256	1,194,076
Lake	8,839,289	510,766	9,350,055
Lawrence	998,983	20,932	1,019,915
Licking	3,108,944	156,339	3,265,283
Logan	$979,894	$37,217	$1,017,112
Lorain	9,259,076	523,827	9,782,903
Lucas	16,361,546	2,119,353	18,480,899
Madison	655,426	24,137	679,563
Mahoning	6,953,307	438,657	7,391,964
Marion	1,703,044	64,232	1,767,275
Medina	3,038,775	92,903	3,131,678
Meigs	417,363	3,349	420,712
Mercer	1,164,160	35,396	1,199,556
Miami	2,558,030	135,596	2,693,626
Monroe	332,236	4,148	336,385
Montgomery	17,948,860	2,251,509	20,200,369
Morgan	363,810	5,720	369,530
Morrow	370,885	7,900	378,785
Muskingum	1,834,467	107,639	1,942,107
Noble	352,805	0	352,805
Ottawa	939,169	36,306	975,475
Paulding	418,333	0	418,333
Perry	463,429	9,510	472,939
Pickaway	836,895	31,114	868,009
Pike	417,023	0	417,023
Portage	2,896,760	206,787	3,103,547
Preble	739,463	18,565	758,029
Putnam	840,240	26,846	867,086
Richland	3,736,524	254,033	3,990,557
Ross	1,677,207	86,553	1,763,760
Sandusky	1,760,184	74,901	1,835,086
Scioto	1,576,001	52,124	1,628,125
Seneca	1,847,663	94,704	1,942,367
Shelby	1,300,019	88,53	1,388,555
Stark	10,148,861	680,430	10,829,291
Summit	16,412,756	1,632,660	18,045,415
Trumbull	5,890,664	322,412	6,213,075
Tuscarawas	2,525,397	112,144	2,637,541
Union	556,002	19,581	575,583
Van Wert	826,187	37,601	863,788
Vinton	309,171	0	309,171
Warren	2,115,233	78,335	2,193,568
Washington	1,462,886	53,933	1,516,819
Wayne	2,756,633	128,827	2,885,460
Williams	1,120,176	60,675	1,180,850
Wood	2,689,552	178,921	2,868,473
Wyandot	634,600	24,090	658,691
Total	$333,471,779	$27,500,087	$360,971,866

(a) The state local government fund (LGF) consists of monthly allocations from the general revenue fund equal to 4.5% of the previous month's collections of the personal income tax, state sales tax, state use tax, corporation franchise tax, and public utility tax, effective February 1, 1988.

SOURCE: Records of the Department of Taxation.

Table 53

COUNTY UNDIVIDED LOCAL GOVERNMENT FUNDS: AMOUNTS DISTRIBUTED TO COUNTIES FOR REDISTRIBUTION TO SUBDIVISIONS BY COUNTY BUDGET COMMISSIONS, BY COUNTY AND BY SOURCE, CALENDAR YEAR 1988

Counties	State Local Government Fund	Intangible Taxes (R.C. 5725.24) (a)	Total State Revenues For County Undivided Local Government Funds
Adams	$414,740	$0	$414,740
Allen	3,093,771	15,973	3,109,744
Ashland	1,206,111	1,600	1,207,710
Ashtabula	2,411,455	3,942	2,415,398
Athens	1,032,942	3,953	1,036,895
Auglaize	1,291,707	4,487	1,296,194
Belmont	2,033,425	431	2,033,856
Brown	587,542	0	587,542
Butler	7,581,684	44,011	7,625,695
Carroll	416,371	0	416,371
Champaign	812,416	0	812,416
Clark	3,202,644	19,077	3,221,721
Clermont	1,742,383	170,960	1,913,343
Clinton	786,998	484	787,482
Columbiana	2,432,415	7,264	2,439,680
Coshocton	900,657	3,956	904,614
Crawford	1,423,259	569	1,423,828
Cuyahoga	65,996,109	2,483,241	68,479,350
Darke	1,326,732	2,410	1,329,142
Defiance	1,110,398	3,256	1,113,654
Delaware	1,449,355	6,222	1,455,577
Erie	2,081,947	7,557	2,089,505
Fairfield	2,154,166	19,566	2,173,733
Fayette	606,698	4,670	611,368
Franklin	34,485,763	1,406,557	35,892,319
Fulton	1,135,516	100	1,135,616
Gallia	544,307	2,153	546,460
Geauga	1,244,573	728	1,245,301
Greene	3,687,971	4,454	3,692,425
Guernsey	1,011,210	2,085	1,013,295
Hamilton	29,377,200	1,287,800	30,665,000
Hancock	2,060,570	50,350	2,110,920
Hardin	745,409	1,123	746,532
Harrison	413,297	0	413,297
Henry	733,308	349	733,657
Highland	760,648	0	760,648
Hocking	487,624	502	488,126
Holmes	500,403	0	500,403
Huron	1,555,573	2,039	1,557,612
Jackson	640,074	1,987	642,061
Jefferson	2,711,661	17,537	2,729,198
Knox	1,142,819	531	1,143,350
Lake	8,839,289	118,073	8,957,362
Lawrence	998,983	158,821	1,157,804
Licking	3,108,944	8,349	3,117,293
Logan	$979,894	$8,281	$988,175
Lorain	9,259,076	25,943	9,285,020
Lucas	16,361,546	288,583	16,650,130
Madison	655,426	3,150	658,576
Mahoning	6,953,307	302,468	7,255,775
Marion	1,703,044	8,112	1,711,156
Medina	3,038,775	7,039	3,045,814
Meigs	417,363	76	417,439
Mercer	1,164,160	1,283	1,165,443
Miami	2,558,030	4,998	2,563,027
Monroe	332,236	0	332,236
Montgomery	17,948,860	1,100,630	19,049,490
Morgan	363,810	47	363,857
Morrow	370,885	78	370,963
Muskingum	1,834,467	10,987	1,845,454
Noble	352,805	0	352,805
Ottawa	939,169	0	939,169
Paulding	418,333	0	418,333
Perry	463,429	365	463,794
Pickaway	836,895	3,264	840,159
Pike	417,023	734	417,757
Portage	2,896,760	11,208	2,907,968
Preble	739,463	1,036	740,499
Putnam	840,240	684	840,924
Richland	3,736,524	30,453	3,766,977
Ross	1,677,207	5,093	1,682,300
Sandusky	1,760,184	674	1,760,858
Scioto	1,576,001	4,541	1,580,542
Seneca	1,847,663	2,589	1,850,252
Shelby	1,300,019	1,933	1,301,953
Stark	10,148,861	207,913	10,356,775
Summit	16,412,756	308,835	16,721,591
Trumbull	5,890,664	19,283	5,909,947
Tuscarawas	2,525,397	5,556	2,530,952
Union	556,002	1,704	557,706
Van Wert	826,187	800	826,987
Vinton	309,171	0	309,171
Warren	2,115,233	1,296	2,116,528
Washington	1,462,886	98,167	1,561,053
Wayne	2,756,633	6,769	2,763,401
Williams	1,120,176	2,691	1,122,867
Wood	2,689,552	3,751	2,693,303
Wyandot	634,600	0	634,600
Total	$333,471,779	$8,348,182	$341,819,961

(a) State-collected intangible taxes paid by dealers in intangibles and returned to counties of origin pursuant to R.C. 5725.24.

SOURCE: Records of the Department of Taxation.

Table 54

DISTRIBUTION OF COUNTY UNDIVIDED LOCAL GOVERNMENT FUNDS, BY COUNTY, CALENDAR YEAR 1987

County	Amount Distributed by Subdivision Class			
	County	Townships	Municipalities	Total
Adams	$209,114	$128,676	$80,438	$418,228
Allen	1,084,800	423,782	1,416,286	2,995,027 *
Ashland	565,876	189,262	379,405	1,134,543
Ashtabula	937,238	296,431	982,377	2,266,789 *
Athens	493,193	98,639	394,554	986,386
Auglaize	427,141	141,972	654,787	1,223,900
Belmont	671,470	322,858	963,148	1,957,476
Brown	283,054	190,495	92,559	566,108
Butler	3,645,034	310,309	3,107,343	7,290,068 *
Carroll	251,815	62,954	104,923	419,692
Champaign	383,961	76,957	307,650	768,568
Clark	1,280,638	120,384	1,616,493	3,047,687 *
Clermont	874,293	174,859	699,435	1,748,587
Clinton	338,792	74,460	331,346	744,598
Columbiana	1,162,449	232,490	929,959	2,324,898
Coshocton	415,238	155,634	267,604	838,476
Crawford	673,804	134,761	539,043	1,347,608
Cuyahoga	19,376,103	139,395	44,218,153	64,587,008 *
Darke	313,546	191,890	748,747	1,254,183
Defiance	455,242	294,568	315,991	1,071,157 *
Delaware	587,617	180,000	567,875	1,335,492
Erie	953,651	388,761	795,895	2,138,307
Fairfield	1,025,569	261,338	764,232	2,051,139
Fayette	215,969	58,307	308,793	583,069
Franklin	10,228,370	1,827,733	19,402,015	33,289,014 *
Fulton	479,302	191,721	394,093	1,065,116
Gallia	232,674	70,343	238,085	541,102
Geauga	455,288	603,395	139,443	1,198,126
Greene	1,494,612	308,479	1,580,691	3,513,428 *
Guernsey	485,152	96,919	388,232	970,303
Hamilton	13,282,656	2,252,826	12,944,939	28,771,493 *
Hancock	937,356	329,770	695,234	1,982,983 *
Hardin	353,466	141,387	212,080	706,933
Harrison	208,296	104,149	104,148	416,593
Henry	310,594	94,526	283,645	688,765
Highland	364,251	123,845	240,406	728,502
Hocking	270,642	128,755	92,679	492,076
Holmes	302,636	141,230	60,527	504,393
Huron	495,417	168,183	795,384	1,458,984
Jackson	309,443	86,644	222,799	618,886
Jefferson	982,793	259,175	1,349,784	2,591,752
Knox	542,496	141,049	401,447	1,084,992
Lake	911,331	574,107	6,636,250	8,258,481 *
Lawrence	631,279	105,213	315,640	1,052,132
Licking	1,460,675	316,090	1,144,585	2,921,350
Logan	$467,288	$149,721	$317,567	$934,576
Lorain	4,202,846	498,393	3,704,091	8,905,330 **
Lucas	4,672,584	406,197	10,139,006	15,923,710 *
Madison	310,073	88,220	205,846	604,139
Mahoning	3,467,500	939,106	2,029,554	6,945,771 *
Marion	706,230	166,172	788,616	1,661,718 *
Medina	1,059,488	410,526	1,213,616	2,897,150 *
Meigs	168,287	126,216	126,216	420,719
Mercer	479,041	200,529	434,479	1,114,049
Miami	802,810	287,574	1,282,100	2,396,448 *
Monroe	190,728	87,154	57,004	334,886
Montgomery	7,962,851	688,862	8,868,965	17,795,814 *
Morgan	183,373	86,112	97,261	366,746
Morrow	224,306	85,610	63,927	373,843
Muskingum	728,306	210,596	816,056	1,754,958
Noble	213,371	74,680	67,567	355,618
Ottawa	421,951	174,732	291,635	888,318
Paulding	210,835	75,900	134,934	421,669
Perry	218,863	98,527	120,336	437,726
Pickaway	398,997	95,759	303,238	797,994
Pike	231,192	87,250	101,907	420,349
Portage	1,200,901	567,543	985,283	2,753,727
Preble	347,873	69,575	278,298	695,746
Putnam	241,846	185,415	378,892	806,153
Richland	1,622,814	306,531	1,676,907	3,606,252
Ross	632,716	307,772	616,568	1,557,056
Sandusky	823,480	163,602	646,244	1,646,960 *
Scioto	536,538	163,128	792,971	1,492,637
Seneca	798,487	266,162	709,766	1,774,415
Shelby	589,250	147,312	491,041	1,227,603
Stark	4,621,794	1,336,963	3,911,748	9,870,505
Summit	4,918,685	1,563,170	8,959,809	15,441,664
Trumbull	2,824,083	977,528	1,846,555	5,648,166
Tuscarawas	1,170,332	280,880	889,453	2,340,665
Union	311,944	124,694	83,268	519,906
Van Wert	388,987	135,837	250,809	781,182 *
Vinton	155,818	74,154	81,664	311,636
Warren	885,697	221,424	790,801	1,977,002 *
Washington	637,490	359,574	420,525	1,417,589
Wayne	1,196,449	314,706	1,103,376	2,614,531
Williams	389,427	137,569	526,364	1,053,360
Wood	904,443	251,615	1,361,982	2,518,040
Wyandot	333,803	158,172	158,172	650,147
Total	$124,218,113	$25,865,883	$166,353,559	$322,410,871 +

* Includes amount(s) for park district(s) not accounted for in preceding columns.

** Includes an amount for public assistance not shown in preceding columns.

\+ Includes amounts not contained in preceding subdivision class columns totalling $5,473,316 for park districts in 20 counties, and $500,000 for public assistance in one county.

Note: Differences between county totals in this table and totals in previous tables result from normal time lag in distribution of funds.

MOTOR VEHICLE FUEL TAX

An excise tax is imposed on all dealers in motor vehicle fuel upon the use, distribution, or sale within the state of Ohio of fuel used in generating power for the propulsion of motor vehicles. The fuel tax is actually composed of five separate levies: three levies of two cents each; one levy of one cent; and a cents per gallon rate. The cents per gallon rate in effect during fiscal year 1988 was 7.7 cents. This rate is based upon the factors of highway maintenance costs and motor vehicle fuel consumption. Prior to March 1, 1984, the cents per gallon rate was adjusted annually; however, the cents per gallon statute had a built in cap of 5 cents per gallon. This cap was reached as of March 1, 1983 and remained there until the built-in cap was removed effective July 1, 1987, resulting in the cents per gallon rate increasing to 7.7 cents per gallon. This rate will again be adjusted annually on July 1 beginning in 1988, subject to a maximum annual increase of .8 cents per gallon.

After amounts are set aside for refunds, the Waterways Safety Fund, and highway bond retirement, the remaining fuel tax receipts are distributed in approximately the following proportion: 75% to the state, 10.7% to municipalities, 9.3% to counties, and 5% to townships. All of this money is earmarked for highway related purposes in accordance with Article XII, Section 5a of the Ohio Constitution.

There are other provisions in Ohio law concerning the taxation of motor fuel and distribution of tax receipts: a portion of the motor fuel tax collected on fuel sold by the Ohio Turnpike Commission stations is returned to the Commission for turnpike projects; a use tax is imposed on operators of vehicles subject to the Ohio highway use tax for fuel purchased outside of the state but consumed in Ohio; and dealers receive a credit which effectively equals 2.5 cents per gallon on gasohol. This credit will be reduced to effective rates of 2.0 cents per gallon on 7/1/88 and 1.5 cents per gallon on 7/1/90. Effective 10/1/93 this credit will be repealed.

Motor vehicle fuel wholesalers and distributors rather than retailers remit the tax. In fiscal year 1988, motor fuel tax receipts were $800.6 million.

TAX BASE (R.C. 5735.06):

Gallons of motor vehicle fuel sold, used, or distributed in Ohio.

RATES:

Ohio Revised Code Section	Tax Rate Per Gallon
5735.30	1.0 cent
5735.05	2.0 cents
5735.25	2.0 cents
5735.29	2.0 cents
5735.05*	7.7 cents
	(7.8 cents effective 7/1/88)
Total Rate Per Gallon	**14.7 cents**
	(14.8 cents effective 7/1/88)

* Cents per gallon rate - See description under "**Special Provisions**."

DEDUCTIONS, REFUNDS, AND CREDITS:

1. Dealers may claim the following deductions from their reported gallonage. (R.C. 5735.05, 5735.06):
   (a) Sales made either by tank car or cargo lots for purposes other than propelling motor vehicles on public highways or on waters within Ohio.
   (b) Sales of motor fuel made by licensed dealers to other licensed dealers for delivery by tank car or boat.
   (c) Export of motor fuel to other states or foreign countries.
   (d) Sales of motor fuel for exclusive use of the United States Government or its agencies.
   (e) Sales of motor fuel that is in the process of transportation in either interstate or foreign commerce.
   (f) Sales of motor fuel to be used exclusively for the propulsion of aircraft.
   (g) Three percent of net taxable gallons of motor fuel to cover evaporation, shrinkage, and other losses. This deduction is only two percent on motor fuel sold to a retailer.
2. Persons who have purchased motor vehicle fuel on which the fuel tax has been paid may receive a refund under the following conditions (R.C. 5735.13, 5735.14, 5735.141, 5735.142, 5735.18):
   (a) Fuel used in the following ways: to operate or propel stationary gas engines; tractors used for off-highway purposes; unlicensed motor vehicles used exclusively in intraplant operations.

DEDUCTIONS, REFUNDS, AND CREDITS: (cont'd)

(b) Motor fuel used by watercraft in the following ways: vessels used entirely for commercial purposes such as trade or fishing; vessels used in Boy Scout training; vessels used or owned by railroad car ferry companies; vessels used or owned by federal, state, and local governments.

(c) Fuel used for cleaning or dyeing.

(d) Motor fuel used by local transit systems except for the one-cent bond retirement levy:

(e) Motor fuel used in aircraft.

(f) One percent of the motor fuel tax paid on fuel purchased by retailers to cover losses from shrinkage and evaporation.

(g) Fuel lost or destroyed through theft, fire, explosion, lightning and other natural disasters.

(h) Any person, other than a dealer, who sells the fuel or uses the fuel outside Ohio, or who sells the fuel to the U.S. government or any of its agencies.

3. Dealers may receive the following credit against their fuel tax liability (R.C. 5735.145):

25 cents per gallon of qualified ethanol. Qualified ethanol is defined as "Ethanol produced through a coal-fired process from wood or the grain of a cereal grass and denatured in accordance with the United States bureau of alcohol and tax regulations." Ethanol produced in a manufacturing facility with an annual production capacity of less than 2,000,000 gallons and otherwise qualified for the credit does not have to be produced through a coal-fired process. This credit effectively equals 2.5 cents per gallon of gasohol containing no more than ten percent qualified ethanol combined with gasoline. The statutory credit is reduced by 10 cents per gallon of ethanol for each cent that the federal gasohol credit exceeds 5 cents per blended gallon of gasohol. Since the federal credit is 6 cents, the statutory credit of 35 cents is reduced to 25 cents. Legislation enacted in 1987 further reduces the credit to 20 cents effective 7/1/88, to 15 cents effective 7/1/90 and repeals the credit effective 10/1/93.

TAXPAYER (R.C. 5735.01):

Dealers who import into Ohio, produce, refine, prepare, distill, and otherwise process motor vehicle fuel for use, distribution, or sale and delivery in Ohio; or who purchase motor vehicle fuel for sale to any person for resale.

FILING AND PAYMENT DATES (R.C. 5735.06):

By the last day of each month for the preceding month's tax liability; filed with the Ohio Treasurer of State.

SPECIAL PROVISIONS:

1. **Cents per Gallon Rate (Variable Rate) (R.C. 5735.011)**: This rate is intended to increase funds for highway expenditures to make up for higher costs and reduced tax receipts from lower motor vehicle fuel consumption. The cents per gallon rate was adjusted annually, beginning March 1, 1982, through March 1, 1983 at which time the rate reached a 5 cents cap contained in the original legislation. It remained at 5 cents until July 1, 1987 when the cap was removed and the rate increased to 7.7 cents per gallon. The rate will be adjusted again July 1, 1988 and each July 1 thereafter with a maximum annual increase of .8 cents per gallon, if increases are warranted. The procedure used for calculating the cents per gallon tax rate is as follows:

(a) Divide the highway maintenance cost trend index as published by the U.S. Department of Transportation for the most recent preceding calendar year by the maintenance index for 1975.

(b) Divide motor vehicle fuel consumption for fiscal year 1975 by motor vehicle fuel consumption for the fiscal year preceding the calculation.

(c) Multiply the quotient obtained in (a) of this section by the quotient obtained in (b) of this section.

(d) Multiply the product obtained in (c) of this section by 6 cents.

(e) Subtract 6 cents from the product obtained in (d). If the difference is a positive amount, the difference will be the cents per gallon rate, rounded to the nearest 1/10th of 1 cent, except that after 1987, any increase over the previous year's rate shall not exceed 8/10ths of 1 cent. If the difference is a negative amount, the cents per gallon rate is zero.

2. **Fuel Use Tax (R.C. 5735.31)**: The Ohio motor vehicle fuel use tax is imposed on the amount of motor fuel purchased outside of Ohio and consumed in Ohio for any vehicle subject to the highway use tax. A refund is allowed for the tax on fuel purchased in Ohio for use in another state provided that state imposes a tax on such fuel and allows a similar credit or refund. In fiscal year 1988, of the $800.6 million net motor fuel tax collections, $13.6 million (1.7%) came from the fuel use tax.

DISPOSITION OF REVENUE:

The motor vehicle fuel tax is composed of five separate levies. Each of these levies is distributed in a different manner. Prior to any distribution, the following transfers of receipts are made:

(1) 0.5% to the Waterways Safety Fund.

(2) The amount needed to insure that there are sufficient funds to meet all payments for highway bond retirement.

(3) An amount equal to five cents times the number of gallons sold at stations operated by the Ohio Turnpike Commission to the Commission for turnpike projects.

The distribution of the five levies is as follows:

1. 2 cents per gallon (R.C. Section 5735.05):
   R.C. Section 5735.23
   - 30% to municipal corporations in proportion to their motor vehicle registrations;
   - 25% to all counties in equal amounts;
   - 45% to the state.
2. 2 cents per gallon (R.C. Section 5735.25):
   R.C. Sections 5735.26, 5735.27
   - 67.5% to the state;
   - 7.5% to all counties in equal amounts;
   - 7.5% to municipalities in proportion to their motor vehicle registrations;
   - 17.5% to all townships in equal amounts.
3. 2 cents per gallon (R.C. Section 5735.29):
   R.C. Section 5735.291
   - 100% to the state for highway bond retirement funds, as long as required; thereafter, 100% to the state highway operating fund.
4. 1 cent per gallon (R.C. Section 5735.30):
   R.C. Section 5735.30
   - 100% to the state for highway bond retirement funds, as long as required; thereafter, 100% to the state highway operating fund.
5. Cents per gallon tax (R.C. Section 5735.05)--
   7.7 cents per gallon (7.8 cents effective July 1, 1988):
   R.C. Section 5735.23
   - 75.0% to the state;
   - 10.7% to municipalities in proportion to their motor vehicle registrations;
   - 9.3% to all counties in equal amounts;
   - 5.0% to all townships in equal amounts

OHIO REVISED CODE CITATIONS:

Chapter 5735.

RECENT LEGISLATION:

Amended Substitute House Bill No. 689, effective February 25, 1988

R.C. 5735.011: Changes computation date of "cents per gallon rate" called for in R.C. 5735.05 from February 10 to June 10, and changes effective date of any change in "cents per gallon rate" from March 1 to July 1.

Table 55

GROSS AMOUNT OF MOTOR VEHICLE FUEL TAX CERTIFIED FOR COLLECTION, REFUNDS AND NET TAX AFTER REFUNDS, FISCAL YEARS 1984-1988

Fiscal Year	Gross Collections	Amount Certified for Refund	Net Tax After Refund
1984	$629,674,907	$15,465,216	$614,209,691
1985	629,399,556	13,875,962	615,523,594
1986	633,021,564	14,403,648	618,617,916
1987	662,060,716	15,872,809	646,187,907
1988	824,924,405	24,295,674	800,628,731

Table 56

TAXABLE GALLONS OF MOTOR VEHICLE FUEL, FISCAL YEARS 1984-1988

	1984	1985	1986	1987	1988
Gasoline	4,505,361,798	4,498,646,716	4,565,299,052	4,751,294,165	4,796,923,851
Special Fuels	867,418,821	893,415,019	882,045,116	905,115,919	942,507,078
Total	5,372,780,619	5,392,061,735	5,447,344,168	5,656,410,084	5,739,430,929

Table 57

MOTOR VEHICLE FUEL TAXES DISTRIBUTED TO LOCAL GOVERNMENTS, BY COUNTY, CALENDAR YEAR 1987

County	Total	Amount Distributed To:		
		County	Townships	Municipalities
Adams	$ 1,216,933	$738,621	$ 398,765	$ 79,547
Allen	1,721,513	738,621	319,012	663,880
Ashland	1,413,731	738,621	398,765	276,345
Ashtabula	1,984,239	738,621	717,777	527,841
Athens	1,318,557	738,621	372,180	207,755
Auglaize	1,415,813	738,621	372,180	305,011
Belmont	1,541,607	738,621	425,349	377,637
Brown	1,283,734	738,621	425,349	119,764
Butler	2,913,666	738,621	345,596	1,829,448
Carroll	1,168,442	738,621	372,180	57,640
Champaign	1,242,945	738,621	319,012	185,311
Clark	1,801,858	738,621	265,843	797,394
Clermont	1,300,716	738,621	372,180	189,914
Clinton	1,293,121	738,621	345,596	208,904
Columbiana	1,717,824	738,621	478,518	500,685
Coshocton	1,511,827	738,621	584,855	188,350
Crawford	1,507,304	738,621	425,349	343,333
Cuyahoga	14,712,154	738,621	106,337	13,867,195
Darke	1,560,692	738,621	531,686	290,384
Defiance	1,295,694	738,621	319,012	238,060
Delaware	1,488,919	738,621	478,518	271,780
Erie	1,540,378	738,621	239,259	562,498
Fairfield	1,629,973	738,621	345,596	545,755
Fayette	1,162,527	738,621	265,843	158,062
Franklin	9,933,195	738,621	451,933	8,742,640
Fulton	1,272,799	738,621	319,012	215,165
Gallia	1,205,912	738,621	398,765	68,526
Geauga	1,300,692	738,621	425,349	136,721
Greene	2,233,206	738,621	319,012	1,175,573
Guernsey	1,420,854	738,621	505,102	177,130
Hamilton	7,153,617	738,621	319,012	6,095,984
Hancock	1,688,491	738,621	451,933	497,936
Hardin	1,317,273	738,621	398,765	179,887
Harrison	1,222,457	738,621	398,765	85,071
Henry	1,255,751	738,621	345,596	171,533
Highland	1,340,308	738,621	451,933	149,753
Hocking	1,117,584	738,621	292,428	86,535
Holmes	1,163,218	738,621	372,180	52,416
Huron	1,637,330	738,621	505,102	393,606
Jackson	1,196,364	738,621	319,012	138,731
Jefferson	1,589,720	738,621	372,180	478,918
Knox	1,544,046	738,621	584,855	220,569
Lake	2,898,085	738,621	132,922	2,026,542
Lawrence	1,334,748	738,621	372,180	223,946
Licking	2,217,074	738,621	691,192	787,260
Logan	$ 1,422,786	$738,621	$ 451,933	$ 232,231
Lorain	3,378,784	738,621	478,518	2,161,645
Lucas	5,093,948	738,621	292,428	4,062,899
Madison	1,290,051	738,621	372,180	179,249
Mahoning	2,387,616	738,621	372,180	1,276,814
Marion	1,557,386	738,621	398,765	420,000
Medina	1,954,026	738,621	451,933	763,471
Meigs	1,133,490	738,621	319,012	75,857
Mercer	1,339,916	738,621	372,180	229,114
Miami	1,716,353	738,621	319,012	658,720
Monroe	1,264,376	738,621	478,518	47,237
Montgomery	5,582,520	738,621	319,012	4,524,886
Morgan	1,150,131	738,621	372,180	39,329
Morrow	1,234,302	738,621	425,349	70,331
Muskingum	1,775,522	738,621	664,608	372,293
Noble	1,168,620	738,621	398,765	31,234
Ottawa	1,236,155	738,621	319,012	178,522
Paulding	1,147,919	738,621	319,012	90,286
Perry	1,244,871	738,621	372,180	134,069
Pickaway	1,330,061	738,621	398,765	192,675
Pike	1,179,168	738,621	372,180	68,366
Portage	1,844,520	738,621	478,518	627,381
Preble	1,257,577	738,621	319,012	199,943
Putnam	1,306,599	738,621	398,765	169,213
Richland	2,027,796	738,621	478,518	810,657
Ross	1,465,851	738,621	425,349	301,880
Sandusky	1,374,097	738,621	319,012	316,464
Scioto	1,429,730	738,621	425,349	265,759
Seneca	1,551,419	738,621	398,765	414,033
Shelby	1,381,010	738,621	372,180	270,208
Stark	3,073,918	738,621	451,933	1,883,363
Summit	5,523,249	738,621	323,814	4,460,813
Trumbull	2,526,654	738,621	638,024	1,150,009
Tuscarawas	1,911,403	738,621	584,855	587,926
Union	1,246,764	738,621	372,180	135,962
Van Wert	1,232,419	738,621	319,012	174,786
Vinton	1,099,598	738,621	319,012	41,965
Warren	1,588,393	738,621	292,428	557,344
Washington	1,609,933	738,621	584,855	286,456
Wayne	1,694,896	738,621	425,349	530,926
Williams	1,280,383	738,621	319,012	222,750
Wood	1,883,806	738,621	505,102	640,082
Wyandot	1,229,862	738,621	345,596	145,645
Total	$174,914,769	$64,998,648[a]	$35,016,352	$74,899,728

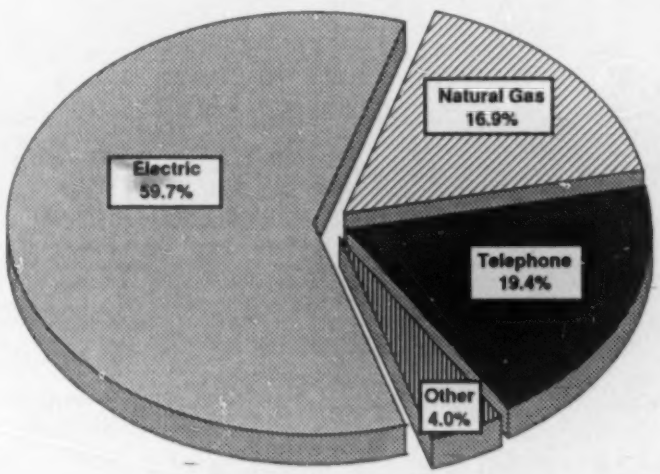
(a) County figures do not add to total due to rounding.

PUBLIC UTILITY EXCISE TAX

The public utility excise tax, a tax for the privilege of doing business in Ohio, is payable by virtually all companies classified by statute as public utilities. Companies liable for this tax do not pay the corporation franchise tax. Utilities owned by municipal corporations are exempt from the public utility excise tax.

Both tax base and rates vary with the class of utility. Gross receipts or gross earnings comprise the tax base for the utility classes, with rates ranging from 4.75% to 6.75%. Due to a 1987 court decision, taxes are no longer levied on the capital stock of freight line and equipment companies.

Public Utility Excise Taxes Levied, by Utility
Calendar Year 1987 Total Levied - $579.1 million



Companies with a preceding year's tax liability of $1,000 ($325,000 for natural gas companies) or more are liable during each calendar year for three advance payments -- each in an amount equal to one-third of the previous year's certified tax liability. When the current year's total tax liability exceeds the sum of the three advance payments, a final payment is due in December for the difference. A refund is issued if the advance payments exceed the total liability.

Total public utility excise taxes of $579.3 million were certified in November, 1988. Electric companies accounted for about 59% of total taxes levied, while the telephone industry accounted for 19% of the total and the natural gas industry accounted for 17% of the total. Therefore, these three main industries were responsible for 95% of the total excise taxes on public utilities.

TAX BASE (R.C. 5727.01, 5727.26):

Gross receipts or gross earnings, depending upon class of utility.

EXEMPTIONS AND DEDUCTIONS (R.C. 5709.35, 5727.05, 5727.33, 5727.34):

Exempt Utilities:

1. Municipally-owned utilities.
2. Nonprofit water companies.
3. Telephone companies not primarily engaged in providing local exchange service.

Deductions from Gross Receipts:

1. $25,000 for all companies.
2. Amounts attributable to sales of merchandise.
3. Receipts derived wholly from interstate business.
4. Sales to other public utilities for resale.
5. Receipts from business done for the federal government.
6. Receipts from facilities used to convert coal to gaseous, liquid, or solid fuels - for a period of 30 years.
7. Amounts billed on behalf of other entities by telephone companies.
8. Receipts of telephone companies from sales to other telephone companies for resale.

CREDITS (R.C. 5727.39):

Telephone companies are allowed a credit against the excise tax equal to the non-recurring (start-up) costs of a 911 telephone system (emergency service telephone system). The credit must be claimed in the year the system becomes available for use and any excess credit may be carried over to following years until completely used. The total amount of the credit that may be taken (for all companies combined) is limited to 25% of the total excise tax levied on telephone companies in 1984. This credit ceiling is adjusted annually for increases in the con-

CREDITS: (cont'd)

sumer price index. Once the total credits allowed equal the credit ceiling, no additional credits will be allowed.

TAX BASE AND RATES:

Utility Class	Base	Tax Rate
Electric, Rural Electric, Intrastate Toll Bridge, Artificial Gas, Natural Gas, Waterworks, Local Telephone, Union Depot, Heating, Cooling, and Water Transportation (R.C. 5727.38)	Gross Receipts	4.75%
Telegraph (R.C. 5727.38)	Gross Receipts	4.75%
Railroads (R.C. 5727.40)	Gross Earnings	5.25%
Express (R.C. 5727.38)	Gross Receipts	4.75%
Messenger (R.C. 5727.38)	Gross Receipts	4.75%
Pipe Line (R.C. 5727.38)	Gross Receipts	6.75%

TAX REPORTING AND CERTIFICATION DEADLINES:

Utility Class	Deadline	For
Railroads (R.C. 5727.31, 5727.32, 5727.34, 5727.40)	September 1*	Company's annual statement to Tax Commissioner for year ending on June 30.
	First Monday in November	Commissioner assesses tax and certifies amount to company and Treasurer of State.
All Other Public Utilities (R.C. 5727.31, 5727.32, 5727.33, 5727.38)	August 1*	Company's annual statement to Tax Commissioner for year ending on April 30 (June 30 for express, telephone, and telegraph companies).
	First Monday in November	Commissioner assesses tax and certifies amount to company and Treasurer of State.

* Subject to time extension of 60 days (R.C. 5727.48).

TAX PAYMENT DEADLINES:

The following deadlines apply to all utility companies:

1. October 15, March 1, and June 1:
   (R.C. Section 5727.31)--Reports and advance payments to State Treasurer for liability to be certified for tax collection in December. Each payment equal to one-third of previous year's liability. These reports and payments are due from each utility with an excise tax liability for the previous year in excess of $1,000 ($325,000 for natural gas companies).
2. 20-30 days from date tax bill is mailed (March 15 for natural gas companies not required to make advance payments):
   (R.C. Section 5727.42)--Final payment equal to total tax assessed for collection for the current year, less advance payments made (refund is made if advance payments exceed assessment).

DISPOSITION OF REVENUE (R.C. 5727.45):

All to state General Revenue Fund. Effective February 1, 1988, 4.5% will be subsequently transferred to the Local Government Fund.

OHIO REVISED CODE CITATIONS:

Chapter 5727.

RECENT LEGISLATION:

House Bill 721, effective September 13, 1988

Section 5727.33 (B) (3): Excludes from the determination of gross receipts transmission and delivery of electricity for rural electric companies provided the electricity is for resale, beginning the year ending April 30, 1990.

RECENT SIGNIFICANT COURT DECISIONS:

General American Transportation Corp. v. Limbach, (December 29, 1987), U.S.D.C. C2-85-1603. The "carline tax" violates the federal Railroad Revitalization and Regulatory Reform Act by unlawfully discriminating against railroads as opposed to other carriers.

Table 58

PUBLIC UTILITY EXCISE TAXES LEVIED, BY CLASS OF UTILITY, CALENDAR YEARS 1983 - 1987[a]

Class of Utility	Tax Rate 1987	Calendar Year 1983	1984	1985	1986	1987
Electric	4.75%	$318,966,244	$319,821,481	$331,381,693	$329,991,140	$345,682,436
Natural Gas	4.75	147,679,937	152,339,047	139,683,341	121,870,154	97,922,353
Telephone	4.75	128,003,482	120,651,494	134,991,927	142,257,801	112,159,041
Railroad	5.25	4,048,759	4,524,366	4,380,710	4,041,972	6,938,676
Rural Electric	4.75	11,639,518	11,400,467	11,956,183	12,183,894	12,130,308
Freight Line & Equipment[b]	3.75	2,839,824	3,199,605	2,941,519	3,100,683	0
Water Works	4.75	1,666,297	1,644,420	1,691,101	1,824,342	1,922,200
Pipe Line	6.75	969,190	476,487	426,585	256,995	1,945,601
Telegraph	4.75	48,635	73,483	80,520	88,977	47,073
Water Transportation	4.75	138,290	129,607	133,982	145,411	176,536
Toll Bridge	4.75	29,043	23,444	20,544	21,810	22,042
Heating	4.75	138,226	139,689	97,834	115,005	341,362
Total		$616,167,445	$614,423,590	$627,785,939	$615,898,184	$579,287,628

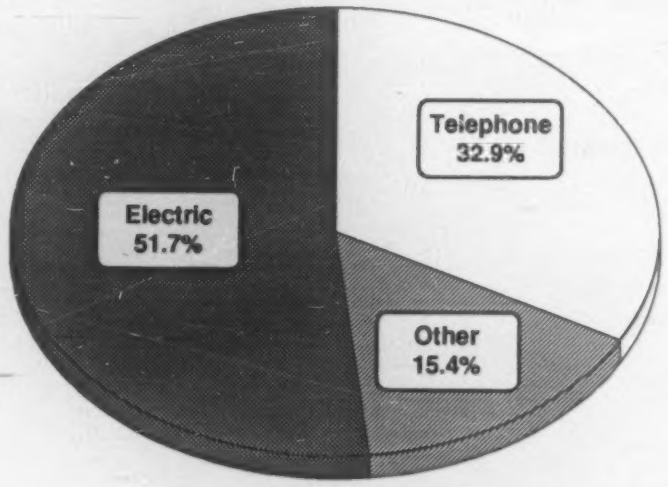
(a) Amount of tax certified for collection.
(b) No longer taxable due to court decision.

PUBLIC UTILITY PROPERTY TAX

Note: **The descriptive material below describes the taxes levied on both the real and personal property of public utilities. The data in the tables in this section pertain to only the personal property of utilities. Data for public utility real property are included in the tables in the "Real Property Tax" section.**

The assessed valuation of public utility personal property was about $10.9 billion in calendar year 1987, which was an increase of 5.2% over the previous year. Electric utilities accounted for 51.7% of the total public utility personal property valuation in 1987, with the telephone industry accounting for an additional 32.9% of the total valuation.

Public Utility Property Tax Valuations, by Utility
Calendar Year 1987 Total Valuations – $10.9 Billion



TAX BASE (R.C. 5715.01, 5727.01, 5727.06, 5727.10, 5727.12):

Property tax base for railroads consists of real and tangible personal property owned or operated in Ohio on December 31 of the preceding year. Property tax base for all other public utilities consists of real and tangible personal property owned and located in Ohio on December 31 of the preceding year. The tax commissioner is responsible for valuing and assessing the tangible personal property of all utilities and the real property of railroads. County auditors are responsible for valuing and assessing the real property of all utilities except railroads. Real property includes land and improvements and is assessed at 35% of true value. Personal property includes all plant and equipment not classified as real property or intangible property. The tangible personal property of public utilities is generally assessed at 100% of true value. The two exceptions to this 100% assessment level are (1) the tangible personal property of rural electric companies which is assessed at 50% of true value; and (2) the tangible personal property of railroads which is assessed at the same percentage as applied to all tangible property (except inventories) used in business by a non-utility (for 1988, this assessment level is 30%).

APPORTIONMENT OF TAX BASE (R.C. 5727.13, 5727.14, 5727.15):

Real property values of all utilities except railroads are placed into the various taxing districts according to the physical location of the property. Personal property values of all utilities except railroads are apportioned (using a specific base) among the taxing districts in which the utilities operate. The bases for distributing personal property values among taxing districts for the various classes of utilities are shown in the table on the following page.

Railroads are valued on a system-wide basis with allocation to Ohio on the basis of the length of road in this state to length of road everywhere. Values for railroad real property used in operation are apportioned on the basis of their relative value. Values for railroad personal property used in operation are apportioned on the basis of miles of track in each taxing district weighted according to traffic density. Values for railroad real and personal property not used in operation are apportioned on the basis of their physical location.

APPORTIONMENT OF TAX BASE: (cont'd)

Class of Utility	Distribution Base
Electric and Rural Electric Companies (a)	Cost of transmission and distribution property.
Artificial Gas, Natural Gas, Pipeline, Heating, Cooling, and Water Works	Value of pipeline.
Telephone and Telegraph Companies	Miles of wire.
Railroads	Miles of track and trackage rights weighted by use.
Express Companies	Gross receipts.

Actual location of property is used to distribute values for water transportation and toll bridge utility classes.

(a) 70% (90% for tax year 1986 and 80% for tax year 1987) of the value of production plant and station equipment of electric companies is apportioned to the taxing district in which the property is physically located.

RATES (R.C. 319.30, 319.301, 5705.02-5705.05, 5705.19):

Vary with taxing jurisdiction. Total tax rate includes all levies, enacted by legislative authority or approved by voters, for all taxing jurisdictions within which the property is located or to which it is apportioned (e.g., county, township, municipal corporation, and school district). Although the nominal tax rates applied to public utility real and personal property are the same, the effective rates on the two types of property may differ substantially because of the effects of the tax reduction factor applied to real property taxes. Public utility real property taxes (in addition to other real property taxes) are reduced by a computed reduction factor whenever real property values increase. However, this reduction factor does not apply to taxes levied on public utility personal property. State law also requires that all nonresidential real property tax bills (but not personal property tax bills) be reduced by 10% -- with the cost of the reduction reimbursed from state funds.

EXEMPTIONS AND CREDITS (R.C. 319.302, 5701.03, 5709.111, 5709.25, 5727.01, 5727.05, 6111.311):

1. Property of municipally-owned utilities.
2. Certified air, water, and noise pollution control facilities.
3. Licensed motor vehicles.
4. Personal property under construction.
5. Real property tax bills are reduced by 10% as provided by state law.
6. Real and personal property of nonprofit corporations and political subdivisions used exclusively in the treatment, distribution and sale of water to consumers.

REPORTING, CERTIFICATION, AND PAYMENT DATES:

1. *March 1*[(a)] (R.C. 5727.08, 5727.48)--Company's annual report to Tax Commissioner.
2. *First Monday in September* (R.C. 5727.10)--Tax Commissioner notifies utilities of values.
3. *December 31*[(b)] (R.C. 323.12, 323.17)--At least half of total tax liability due.
4. *June 20*[(b)] (R.C. 323.12, 323.17)--Balance of tax liability due.

(a) Tax commissioner may grant extension of up to 60 days.
(b) These deadlines may be extended by 45 days (longer in certain circumstances).

DISPOSITION OF REVENUE (R.C. 319.54, 5705.10, 5719.05):

After local administrative deductions, revenue is distributed to counties, municipalities, townships, school districts, and special districts according to the taxable values and total millage levied by each.

OHIO REVISED CODE CITATIONS:

Chapters 319, 323, 5705, 5709, 5715, 5719, 5727, 6111.

ADMINISTRATION (R.C. 5713.01, 5727.06):

The Tax Commissioner assesses the real estate of railroads and the tangible personal property of all public utilities. County auditors assess all other public utility real estate.

RECENT SIGNIFICANT COURT DECISIONS:

J. Timothy McCormack, Cuyahoga Co. Auditor v. Limbach, et al. (February 3, 1988), BTA Case Nos. 85-A-969, 85-A-984, 85-A-1016, and 85-A-1023. BTA found that the Tax Commissioner's determination of tangible personal property value for a public utility company was not unreasonable or unlawful.

William J. Stone, Adams Co. Auditor v. Limbach (June 30, 1988), BTA Case No. 85-C-931. The Commissioner's policy of classifying and apportioning taxable value according to electric companies' "situsable" or "non-situsable" taxable property constitutes a rule which must comply with statutory procedures established in the Ohio Revised Code.

Avon Lake City School Dist. v. Limbach (1988), 35 Ohio St. 3d 118. It is not required that school boards be given notice of the Tax Commissioner's final determination concerning an assessment of a public utility tax, even though the revenue received by the school boards may be affected. The school board does not have standing to appeal such final determinations to the Board of Tax Appeals.

Table 59

ASSESSED VALUE OF PUBLIC UTILITY PERSONAL PROPERTY, BY CLASS OF UTILITY, AND TOTAL TAXES LEVIED ON PERSONAL PROPERTY, CALENDAR YEARS 1983-1987

	Calendar Year				
Class of Utility	1983	1984	1985	1986	1987
Electric	$4,944,835,850	$5,040,669,200	$5,172,335,300	$5,321,298,130	$5,467,364,100
Telephone	2,970,608,010	3,116,232,600	3,123,797,280	3,298,679,580	3,583,493,230
Natural Gas	640,967,450	683,313,600	741,365,320	771,696,640	811,172,800
Railroad	257,505,550	302,052,090	277,399,510	260,508,320	258,569,770
Pipeline	528,836,140	515,074,530	495,086,020	485,261,260	540,787,550
Rural Electric	148,024,040	148,213,650	149,347,600	154,329,500	160,220,650
Waterworks	47,473,760	48,741,400	51,505,600	55,416,640	59,430,220
Telegraph	3,131,000	3,223,000	6,450,000	7,240,000	7,152,000
Other[a]	1,228,900	1,832,900	2,103,300	2,439,700	3,381,300
Total Valuation	$9,542,610,700	$9,859,352,970	$10,019,389,930	$10,356,869,770	$10,891,571,620
Taxes Levied (All Classes)	$454,145,090	$486,617,302	$504,302,656	$563,476,538	$613,403,251

(a) Includes Water Transportation, Toll Bridge, and Heating.

Source: Ohio Department of Taxation; values may differ slightly from those reported on abstracts filed by county auditors with the Ohio Department of Taxation shown on Table 60.

Table 60

ASSESSED VALUE OF PUBLIC UTILITY PERSONAL PROPERTY, AND TAXES CHARGED, BY COUNTY, CALENDAR YEAR 1987

County	Assessed Value of Public Utility Personal Property	Taxes Charged on Public Utility Tangible Personal Property	County	Assessed Value of Public Utility Personal Property	Taxes Charged on Public Utility Tangible Personal Property
Adams	$ 315,898,460	$ 8,953,549	Logan	$ 35,297,690	$ 1,780,560
Allen	105,438,770	4,598,793	Lorain	333,306,390	21,507,103
Ashland	78,810,250	3,962,598	Lucas	387,360,280	26,721,165
Astabula	113,175,610	6,328,987	Madison	38,002,960	1,662,734
Athens	67,512,000	4,050,447	Mahoning	197,155,290	11,505,246
Auglaize	32,897,750	1,549,224	Marion	58,213,050	2,985,201
Belmont	105,718,200	4,848,453	Medina	114,212,700	7,915,455
Brown	38,470,230	1,582,548	Meigs	50,363,840	1,905,823
Butler	209,731,020	10,473,610	Mercer	21,710,770	933,272
Carroll	41,801,120	1,861,934	Miami	72,132,260	4,012,828
Champaign	31,748,850	1,684,744	Monroe	30,072,280	1,322,325
Clark	103,727,680	5,817,478	Montgomery	428,888,710	28,234,127
Clermont	197,947,492	11,362,258	Morgan	83,404,910	3,424,442
Clinton	29,784,250	1,349,181	Morrow	27,321,630	1,425,250
Columbiana	95,523,090	4,755,859	Muskingum	82,886,350	4,302,016
Coshocton	174,795,750	6,327,411	Noble	20,729,570	877,263
Crawford	41,960,800	2,291,988	Ottawa	272,545,090	11,068,114
Cuyahoga	1,116,849,540	88,298,022	Paulding	20,090,450	1,085,975
Darke	30,450,950	1,281,279	Perry	28,868,760	1,550,647
Defiance	51,924,540	2,422,988	Pickaway	52,233,980	2,200,174
Delaware	70,884,560	3,485,710	Pike	32,157,060	1,553,305
Erie	78,594,950	4,940,031	Portage	121,609,930	8,251,320
Fairfield	75,790,360	4,464,059	Preble	28,656,060	1,309,155
Fayette	27,812,810	1,072,333	Putnam	25,902,150	1,184,362
Franklin	635,074,720	39,669,854	Richland	112,870,250	6,669,695
Fulton	47,141,230	2,554,523	Ross	49,695,340	2,589,533
Gallia	239,580,110	7,623,914	Sandusky	57,908,370	2,834,381
Geauga	76,336,720	5,422,988	Scioto	77,614,460	3,611,864
Greene	103,011,550	6,412,244	Seneca	54,032,780	2,496,433
Guernsey	48,191,730	2,448,295	Shelby	49,207,630	2,169,899
Hamilton	778,070,400	50,397,382	Stark	299,197,570	16,730,871
Hancock	68,548,510	3,024,761	Summit	375,509,770	24,079,949
Hardin	28,729,510	1,338,185	Trumbull	194,034,150	10,461,839
Harrison	30,146,190	1,366,574	Tuscarawas	75,235,000	3,436,434
Henry	32,919,260	1,734,826	Union	50,051,190	2,329,839
Highland	23,594,260	978,442	Van Wert	24,830,160	1,215,360
Hocking	47,209,250	2,280,755	Vinton	21,663,240	773,682
Holmes	30,085,840	1,392,361	Warren	101,685,910	5,835,651
Huron	42,173,230	2,352,634	Washington	89,443,170	3,708,015
Jackson	37,301,240	1,346,209	Wayne	79,541,620	4,165,152
Jefferson	345,114,940	13,964,201	Williams	41,501,030	2,372,009
Knox	47,896,710	2,619,027	Wood	113,941,190	6,224,149
Lake	280,169,860	19,073,339	Wyandot	18,796,060	864,014
Lawrence	66,736,900	2,668,029			
Licking	116,224,450	5,684,594	Total	$10,811,386,692	$613,403,252

Source: Abstracts filed by county auditor with the Ohio Department of Taxation; values differ slightly from those certified by the Department of Taxation shown on Table 59.

REAL PROPERTY TAX

In tax year 1987, the assessed valuation of taxable real estate reached nearly $79 billion, an increase of 7.0% over the 1986 valuation. Taxes on these values are distributed to the local taxing authorities during calendar year 1988. Net taxes charged after the application of the percentage reductions required by Section 319.301 of the Ohio Revised Code equalled approximately $3.7 billion for tax year 1987, an increase of 9.0% over 1986. This figure is before deductions of the tax rollback of 10% on all real property, the homestead exemption, and the 2.5% rollback for homeowners only. All three of these property tax reductions are fully reimbursed to local governments from the state general revenue fund. The amount of relief for 1987 was $367.0 million for the 10% reduction, $49.0 million for the homestead exemption, and $52.2 million for the 2.5% reduction.

Under state law and Department of Taxation rules, real property in all counties is now reappraised every six years at 35% of market value, and updated in the third year following each sexennial reappraisal. Sales ratio studies are made by the Department of Taxation twice a year in each county to compare the assessed taxable value to the sales price of properties sold. These ratios are used extensively in checking the reappraisal process.

TAX BASE (R.C. 5713.03, 5715.01):

Taxable value of land and improvements. Taxable value is a percentage of market value except for certain land devoted exclusiveiy to agricultural use. Under the rules adopted under current law, all counties are now reappraised and equalized at 35% of true or market value as of the year of reappraisal or the third calendar year after reappraisal.

RATES (R.C. 319.301, 5705.02, 5705.03, 5705.04, 5705.05, 5705.19):

Vary with taxing jurisdiction. Total tax rate includes all levies, enacted by legislative authority or approved by voters, for all taxing jurisdictions within which the property is located (e.g., county, township, municipality, and school district). The statewide average "gross" millage rate on all real property for 1987 was 62.79 mills, as compared to last year's rate of 60.82 mills. The statewide average "effective" millage rate was 46.75 mills for 1987 as compared to last year's effective rate of 45.89 mills. The difference between the gross millage rate of 62.79 mills and the effective rate of 46.75 mills is explained by Section 319.301 of the Revised Code which prevents increases in voted taxes when the valuation of existing real property is increased due to reappraisal or the triennial update. (See **"Credits"** section.)

The Ohio Constitution prohibits governmental units from levying property taxes which in the aggregate exceed 1% of true value unless they are approved by the voters. This is known in state law as the 10-mill limitation, and the millage within this limitation is commonly referred to as "inside" millage. Since the "inside" 10 mills are levied on "taxable value" which is 35% of true or market value, the effect is a statutory limit of 0.35%, a limit nearly three times as strict as the 1% constitutional limitation

EXEMPTIONS (R.C. 5709.07 to 5709.18, 5709.25, 5713.23, 5713.31):

The Constitution requires real property (land and improvements) to be taxed by uniform rule according to value. Authorized exemptions implemented by statute include:

1. **General**: Exemption of the real property of governmental or private institutional organizations on the grounds of ownership and/or usage (e.g., schools, hospitals, churches, municipal corporations, etc.). Many other specific exemptions are provided for by the Revised Code.
2. **Farm Land**: Land devoted exclusively to commercial agricultural use may be valued according to current use instead of "highest and best" use. Such land must meet one of the following requirements for three years prior to the year in which application for current use treatment is made:
   a) 30 acres or more--all must be devoted to agricultural use; or
   b) under 30 acres--all must be devoted to agricultural use and produce an average yearly gross income of at least $2,500.

   In addition, when the land is converted from agricultural use, a charge is levied on such land in an amount equal to the amount of tax savings on the converted land during the four tax years immediately preceding the year in which the conversion occurs.
3. **Forest Land:** Forest land, devoted exclusively to forestry or timber growing under the rules of the Ohio Department of Natural Resources, Division of Forestry, may be taxed at 50% of the local rate.

CREDITS (R.C. 319.301, 323.151-323.157):

1. **Percentage Rollback:** State law grants tax relief in the form of a 10% reduction in each taxpayer's real property tax bill. In addition, a 2.5% rollback of real property taxes is granted on a homestead for each homeowner. The state reimburses local governments for the cost of these tax credits.

CREDITS: (cont'd)

2. **Tax Reduction Factor:** Separate percentage reductions are applied to taxes levied against the two classes of real property (residential/agricultural and non-residential/non-agricultural) being reappraised or updated. These reduction factors remain in effect until there is a new increase in value (excluding new construction). New reduction factors are calculated annually and applied. The computation of these percentage reduction factors is a rather complex process, but it involves two main steps:

Step One The Department of Taxation certifies to each county auditor tax reduction factors to be applied to each tax levy for each of the two classes of property. The tax reduction factor is calculated to eliminate the effect of an increase in the valuation of existing real property in a taxing unit (school district, county, municipality, etc.) on certain voted taxes. If the tax reduction factor results in an "effective" tax rate for current expenses of a school district (including pre-1982 taxes for current expenses of a joint vocational school) of less than 20 mills on real property in either class in the district, the reduction factor must be adjusted to yield a minimum of 20 effective mills.

Step Two The Depratment of Taxation then calculates a composite tax reduction factor to be applied to individual tax bills in a taxing district for each taxing district in the county. (A taxing district may be generally defined as a geographical area in which the total tax rate is uniform throughout.) To compute the composite tax reduction factor, the Department of Taxation uses the tax reduction factors for each taxing unit (school district, municipality, etc.) in which a taxing district is located and multiplies them by the relative weights of each tax levy effective in the taxing district.

These factors are applied to the taxes levied on real estate and public utility real property. The result of these calculations yields net taxes as shown in the tax tables in this section.

3. **Homestead Exemption:** Homestead exemption property tax reductions are granted to qualified low-income homeowners who are either 65 years of age or older or permanently and totally disabled. The reduction is equal to the gross millage rate multiplied by the reduction in taxable value shown in the following schedule:

Total Income of Owner and Spouse:	Reduce Taxable Value by the Lessor of:
$ 6,500 or less	$5,000 or 75% of taxable value
6,500-11,500	3,000 or 60% of taxable value
11,500-16,500	1,000 or 25% of taxable value
Over $16,500	- 0 -

Total income for purposes of the homestead exemption is defined as federal adjusted gross income plus social security and railroad retirement benefits, retirement, pension, annuity, or other types of retirement payments or benefits not included in federal adjusted gross income; and interest on federal, state, and local government obligations. Disability benefits paid by the veteran's administration or a branch of the armed forces are excluded from total income, as well as increases in social security benefits effective after December 31, 1975 for those persons receiving the homestead exemption for the first time for tax years 1976 and earlier. All disability benefits properly includible in federal adjusted gross income are excludable from total income up to $5,200. All other disability benefits are not included in total income until the taxpayer reaches retirement age. For persons receiving the homestead exemption for tax years 1977 and thereafter, increases in social security benefits and tier I railroad retirement benefits which occur on or after January 1 of the year for which the homestead exemption is first received are excluded from the definition of total income.

Table 67 shows the number of homestead exemptions granted, the average reduction in real taxable value, and the total reduction in real property taxes for each county for tax year 1987. Totals for the state show that 290,617 exemptions were approved for tax year 1987, the average reduction in taxable value was $2,814, and the total reduction in property taxes was $49,048,451.

Local governments are reimbursed in full for these tax reductions from the state general revenue fund.

Homestead Exemption--Example

The example below illustrates the computation of homestead exemption property tax relief. For this example, we will assume a senior citizen homeowner with the following characteristics:

a) Total income of $7,500 (consisting of $3,000 in wages, $2,500 in social security income, and $2,000 in dividends).

b) A home with a market value of $25,000 and a taxable value of $8,750. Taxable value is 35% of market value -- $25,000 x 35% = $8,750.

c) A local property tax rate of 50 mills (gross rate).

Since this homeowner receives $7,500 of total income, he is in the $6,500-$11,500 income bracket and is entitled to a reduction in taxable value of $3,000 or 60%, whichever is less. Sixty percent of $8,750 is $5,250, so his reduction in taxable value is the flat $3,000. His tax savings are equal to the $3,000 reduction in taxable value multiplied by the 50-mill tax rate. This amounts to a tax savings of $150.

CREDITS: (cont'd)

Like all other real property taxpayers, the senior citizen homeowner in our example is entitled to a tax reduction factor (see no. 2 above) which is applied against the property tax (assume a 15% reduction for this example). Also, the homeowner is granted a 12.5% tax reduction (12.5% property tax rollback) which is reimbursed to local governments from the state general revenue fund. When these are considered, the computation of net property tax due is shown below.

Property tax before any reductions:	
$8,750 taxable value x 50 mills =	$437.50
Subtract tax reduction factor	
($437.50 x 15%)	- 65.63
Net taxes levied after tax reduction factor	$371.87
Subtract 12.5% rollback	
(.125 x $371.87)	- 46.48
Net taxes before homestead	$325.39
Subtract homestead exemption tax relief	- 150.00
Net property tax due	**$175.39**

TAXPAYER:

All real property owners not specifically exempt.

PAYMENT DATES (R.C. 323.12, 323.17):

December 31: Full amount of tax (or one-half of it) is due.

June 20: Balance due.

When delivery of the tax duplicate is delayed for certain statutory reasons, the payment dates may be automatically extended for 30 days; further extensions, not to exceed 15 days, may be granted for emergencies by application of the county auditor or treasurer to the Tax Commissioner. Additional extension may be granted for unavoidable delay by application of both the county auditor and treasurer to the Tax Commissioner to avoid penalties to taxpayers.

DISPOSITION OF REVENUE (R.C. 319.54, 5719.05):

After local administrative deductions, revenue is distributed to the counties, municipalities, townships, and school districts according to the taxable values and total millage levied by each.

OHIO REVISED CODE CITATIONS:

Chapters 319, 323, 5701, 5705, 5709, 5713, 5715, 5719, 6111.

RECENT LEGISLATION:

Am. S.B. 71, effective May 31, 1988.

5709.07: Exempts church retreats and church camps from real property taxes.

Sub. H.B. 20, effective June 14, 1988.

321.45: Permits county treasurers to accept prepayments of real property taxes, to hold them in escrow, and to apply them on the due dates. The Tax Commissioner must approve all forms and procedures for the prepayment system.

Am. H.B. 483, effective March 29, 1988.

323.31, 5713.30, and 5713.351: County treasurer may allow taxpayers to pay delinquent taxes in ten equal installments. Defines "conversion of land devoted exclusively to agricultural use," and permits property owner to file board of revision complaint regarding his failure to file an agricultural use valuation renewal application.

RECENT SIGNIFICANT COURT DECISIONS:

Faith Fellowship Ministries, Inc. v. Limbach, (1987), 32 Ohio St. 3d 432. The Court held that, as it pertains to exempting church property from real property taxes, the primary use test cannot be limited to the amount of time real property is engaged in an exempt use, but must also include the extent of the property's utility or essentiality in facilitating the public worship. The Court granted an exemption for a building housing a boiler that served both exempt and nonexempt church property.

Congregation Brith Emeth v. Limbach, (1987), 33 Ohio St. 3d 69. Real property used as a sound barrier as well as a wooded backdrop for outdoor public worship can be exempted. This holding expands the uses of real property for public worship which may qualify for real property tax exemption.

Ratner v. Stark County Bd. of Revision, (1988), 35 Ohio St. 3d 26. The sales price of real property is only strong evidence of its true value in money, but not equivalent to true value. Moreover, the selling price in an arm's length transaction is not the only evidence of true value. The board of revision must take into account the influence that favorable financing has on the final selling price.

Alliance Towers, Ltd. v. Stark County Board of Revision, (1988), 37 Ohio St. 3d 16. The court clarified the test used to determine the true value of federally-subsidized housing. Such property should be valued as if it were unencumbered. A mortgage/sales ratio applied to value property in such an instance cannot be used until it is adjusted to account for a sales price affected by the more favorable financing available through government subsidies. Market rent and current returns on mortgages and equities are properly considered when valuing apartment buildings constructed through the benefit of the HUD program.

Table 61

ASSESSED VALUE OF TAXABLE REAL ESTATE, TAXES CHARGED, AVERAGE TAX RATES, AND TAX RELIEF, CALENDAR YEARS 1983-1987

	1983	1984	1985	1986	1987
Value of Taxable Property	$67,598,707,538	$70,384,691,083	$72,358,541,741	$73,761,506,220	$78,908,191,300
Residential & Agricultural	50,220,169,100	51,954,057,991	53,108,057,125	53,944,417,425	56,371,563,465
Other	17,378,538,438	18,430,633,092	19,250,484,616	19,817,088,795	22,536,627,835
Taxes Charged[(a)]	2,825,250,893	2,964,718,578	3,137,472,486	3,384,874,660	3,689,199,856
Residential & Agricultural	2,034,937,008	2,130,229,468	2,245,537,808	2,420,977,578	2,595,885,300
Other	790,313,885	834,489,110	891,934,678	963,897,085	1,093,314,556
Average Effective Tax Rate[(b)]	41.79 mills	42.12 mills	43.36 mills	45.89 mills	46.75 mills
Residential & Agricultural	40.52 mills	41.00 mills	42.28 mills	44.88 mills	46.05 mills
Other	45.48 mills	45.28 mills	46.33 mills	48.64 mills	48.51 mills
10% Reduction in All Real Property Taxes	281,758,225	295,515,773	313,917,901	338,055,529	366,974,928
2.5% Reduction in Homeowner's Real Property Taxes	41,561,812	42,695,536	45,366,027	48,780,025	52,183,804
Homestead Exemption Reduction	53,666,017	52,606,950	50,789,561	50,251,041	49,048,451
Net Taxes Collectible (After 12.5% Reduction & Homestead Exemption)	$2,448,264,839	$2,573,900,319	$2,727,398,997	$2,947,788,069	$3,220,992,673

(a) Net taxes charged after application of percentage reductions required by R.C. 319.301.
(b) Taxes charged divided by value of taxable property.

Table 62

1987 GROSS AND NET TAX RATES ON THE TWO CLASSES OF REAL PROPERTY, BY COUNTY

County	Millage Rates on Real Property				County	Millage Rates on Real Property			
	Residential & Agricultural		Public Utility, Commercial Industrial & Mineral			Residential & Agricultural		Public Utility, Commercial Industrial & Mineral	
	Gross Rate[a]	Net Rate[b]	Gross Rate[a]	Net Rate[b]		Gross Rate[a]	Net Rate[b]	Gross Rate[a]	Net Rate[b]
Adams	31.54	29.92	29.40	27.47	Licking	50.45	38.72	47.79	37.03
Allen	43.89	37.30	43.10	37.33	Logan	50.01	35.76	50.83	37.43
Ashland	51.88	39.79	52.42	41.62	Lorain	65.24	46.37	64.68	47.46
Ashtabula	56.47	44.12	56.91	45.78	Lucas	72.71	52.73	70.42	55.45
Athens	64.47	47.17	66.11	48.95	Madison	45.92	40.38	48.34	41.39
Auglaize	47.23	40.10	46.86	38.87	Mahoning	59.62	47.52	60.29	51.31
Belmont	48.33	37.40	47.13	38.27	Marion	51.15	37.43	51.03	38.86
Brown	42.24	36.04	43.75	37.05	Medina	70.90	47.11	71.03	52.56
Butler	50.90	38.88	50.18	40.03	Meigs	37.99	34.18	39.01	36.23
Carroll	46.02	33.20	48.42	35.12	Mercer	43.20	38.38	42.72	36.59
Champaign	52.50	39.41	56.56	43.16	Miami	55.98	38.36	57.45	43.89
Clark	56.52	42.30	56.01	46.44	Monroe	44.30	32.95	43.60	37.61
Clermont	60.76	43.78	60.40	43.60	Montgomery	66.45	49.48	64.77	50.79
Clinton	45.87	40.39	47.71	41.58	Morgan	38.65	32.41	38.12	30.12
Columbiana	50.31	39.79	51.28	38.51	Morrow	52.22	44.10	54.66	43.49
Coshocton	43.98	35.52	44.12	36.48	Muskingum	52.97	37.99	53.97	40.36
Crawford	54.45	38.70	53.62	38.01	Noble	42.68	39.30	43.24	40.00
Cuyahoga	84.62	58.66	77.98	63.76	Ottawa	56.69	36.98	53.69	37.71
Darke	42.78	37.65	44.04	35.00	Paulding	54.32	47.16	57.91	49.02
Defiance	46.50	40.60	45.27	37.62	Perry	53.87	43.12	55.18	44.63
Delaware	51.28	41.39	50.55	38.47	Pickaway	42.58	35.15	42.80	35.65
Erie	63.54	42.93	63.32	44.21	Pike	50.86	37.13	56.15	39.40
Fairfield	62.08	39.86	60.06	38.54	Portage	68.82	46.71	69.76	52.14
Fayette	38.57	32.00	42.96	32.55	Preble	46.58	40.96	48.40	36.66
Franklin	64.88	46.53	61.67	43.30	Putnam	45.05	40.65	42.90	38.45
Fulton	55.00	44.99	53.82	40.19	Richland	58.23	46.51	56.86	43.60
Gallia	33.85	29.89	33.20	30.26	Ross	52.01	39.24	53.78	40.04
Geauga	72.84	48.61	72.13	52.49	Sandusky	48.48	38.80	46.53	40.86
Greene	63.54	44.62	63.18	47.35	Scioto	47.37	35.99	48.81	39.85
Guernsey	51.77	43.52	53.53	46.84	Seneca	46.21	35.66	45.12	37.62
Hamilton	68.32	50.83	66.09	52.85	Shelby	44.71	35.88	45.16	33.71
Hancock	46.85	37.81	48.63	39.53	Stark	55.43	38.64	55.02	39.36
Hardin	47.53	39.92	47.95	36.17	Summit	64.60	49.93	62.87	47.14
Harrison	46.04	34.00	45.65	34.86	Trumbull	55.58	44.82	53.64	44.45
Henry	50.78	45.37	49.22	43.75	Tuscarawas	46.39	34.41	46.71	38.44
Highland	40.97	34.61	40.32	33.37	Union	50.05	40.48	46.40	39.06
Hocking	48.55	36.52	48.22	35.73	Van Wert	48.69	41.77	48.18	39.23
Holmes	45.46	37.32	46.73	39.07	Vinton	36.69	33.48	36.48	33.98
Huron	55.96	39.24	57.30	45.62	Warren	57.24	40.25	55.68	39.35
Jackson	37.11	32.33	38.00	32.91	Washington	41.34	33.05	41.71	35.03
Jefferson	44.53	34.24	43.44	40.15	Wayne	53.36	38.70	55.75	41.82
Knox	54.65	43.96	53.45	44.64	Williams	55.64	37.98	54.84	40.07
Lake	72.79	45.78	66.67	46.82	Wood	56.29	41.83	54.54	43.05
Lawrence	39.80	35.26	41.01	35.75	Wyandot	45.90	34.16	46.59	35.05
					State Average:	62.79	46.05	62.80	48.51

(a) Rate on property prior to application of "Tax Reduction Factors"
(b) Rate on property in the county after application of "Tax Reduction Factors". These rates were computed prior to the deduction of the 10% property tax rollback and the homestead exemption.

SOURCE: Abstracts filed by county auditors with the Department of Taxation.

Table 63

TOTAL REAL PROPERTY TAXES, VALUES, AND EFFECTIVE TAX RATES, BY COUNTY, CALENDAR YEAR 1987

County	Gross Taxes Levied	Taxes Charged (a)	Taxable Value	Special Assessments	Delinquent Taxes	Effective Tax Rate (b)
Adams	$ 4,518,442	$ 4,257,560	$ 147,440,380	$ 8,114	$ 143,215	28.88
Allen	29,880,246	25,519,355	684,037,260	1,387,367	1,330,443	37.31
Ashland	15,104,344	11,660,377	290,590,070	20,152	282,819	40.13
Ashtabula	33,807,439	26,598,509	597,592,470	1,090,695	1,813,557	44.51
Athens	15,433,627	11,324,092	237,941,770	544,113	394,400	47.59
Auglaize	14,096,838	11,911,714	298,922,310	243,330	670,084	39.85
Belmont	19,888,671	15,575,191	414,050,520	41,575	1,166,439	37.62
Brown	7,203,278	6,140,417	169,686,150	1,555	162,845	36.18
Butler	103,856,835	80,207,146	2,047,599,445	2,022,002	6,571,966	39.17
Carroll	8,025,613	5,793,995	173,141,820	47,495	498,760	33.46
Champaign	11,448,787	8,613,995	215,651,020	49,107	281,862	39.94
Clark	44,811,899	34,333,761	794,418,150	312,955	1,023,761	43.22
Clermont	58,824,740	42,398,771	969,497,590	388,852	427,795	43.73
Clinton	10,917,312	9,589,144	235,933,210	141,269	215,552	40.65
Columbiana	26,905,829	21,088,934	533,026,490	231,915	2,769,595	39.56
Coshocton	10,580,795	8,598,910	240,367,630	125,648	615,000	35.77
Crawford	16,448,240	11,681,230	302,965,910	86,357	566,996	38.56
Cuyahoga	929,494,487	680,499,424	11,276,389,400	18,763,145	48,466,852	60.35
Darke	14,666,247	12,719,526	341,341,850	148,177	266,337	37.26
Defiance	12,149,108	10,494,754	262,868,640	386,701	703,024	39.92
Delaware	32,125,679	25,683,440	627,934,290	140,624	893,764	40.90
Erie	38,218,527	28,050,360	902,017,930	1,685,011	1,274,893	43.27
Fairfield	40,158,742	25,781,395	650,326,800	79,719	590,912	39.64
Fayette	7,239,287	5,914,323	184,290,650	181,378	139,499	32.09
Franklin	548,387,353	390,104,922	8,624,064,800	1,171,130	10,668,887	45.23
Fulton	14,629,443	11,745,851	267,235,660	360,628	2,927,756	43.95
Gallia	5,898,182	5,265,244	175,391,430	6,527	362,317	30.02
Geauga	60,297,984	40,671,832	828,768,990	483,465	711,405	49.08
Greene	61,897,043	43,747,517	971,787,770	1,491,345	604,389	45.02
Guernsey	11,331,672	9,629,417	216,968,430	71,315	20,270,677	44.38
Hamilton	484,408,721	369,549,736	7,171,520,830	2,129,185	17,331,673	51.53
Hancock	25,835,045	20,868,706	546,152,730	258,930	1,161,958	38.25
Hardin	8,695,704	7,180,914	182,683,500	216,922	158,257	39.31
Harrison	4,875,141	3,628,703	106,104,650	25,329	162,919	34.19
Henry	10,384,125	9,270,935	205,478,940	354,115	156,645	45.12
Highland	7,589,486	6,394,054	185,677,800	39,796	97,468	34.44
Hocking	8,718,988	5,043,914	138,547,320	30,200	86,511	36.40
Holmes	9,568,978	7,877,048	209,478,300	2,596	425,284	37.60
Huron	19,799,665	14,262,435	352,138,220	208,520	711,996	40.50
Jackson (c)	5,705,255	4,964,757	152,934,170	11,013	46,060	32.46
Jefferson	18,211,676	14,831,562	411,948,010	273,132	6,216,570	36.00
Knox	16,715,459	13,527,809	306,971,570	1,293,153	261,745	44.07
Lake	190,033,314	125,706,487	2,717,159,480	5,584,884	6,737,332	46.26
Lawrence	11,524,387	10,181,648	288,134,440	142,783	245,158	35.34
Licking	45,088,598	34,878,774	904,312,830	191,287	1,978,597	38.35
Logan	$ 14,597,376	$ 10,490,777	$ 291,053,300	$ 672,393	$ 580,978	38.04
Lorain	119,075,328	85,279,739	1,826,982,530	1,933,466	4,400,996	46.63
Lucas	223,983,845	166,786,712	3,111,807,420	21,894,192	8,647,014	53.60
Madison	10,491,684	9,188,663	226,745,990	200,901	84,547	40.53
Mahoning	90,953,557	73,690,713	1,521,294,570	1,163,284	10,057,559	48.44
Marion	21,003,056	15,511,754	410,825,900	499,152	866,610	37.76
Medina	70,912,053	48,038,313	999,888,760	1,972,815	2,340,943	48.04
Meigs	4,889,279	4,442,503	127,868,570	9,252	96,394	34.79
Mercer	12,667,686	11,186,111	293,778,860	415,644	116,539	38.08
Miami	35,686,527	25,023,308	634,226,010	321,219	530,606	39.45
Monroe	4,274,483	3,340,018	96,983,550	2,262	1,200,804	34.44
Montgomery	272,413,785	206,041,294	4,131,019,970	6,111,243	11,273,858	49.88
Morgan	3,300,675	2,739,780	85,590,970	0	54,935	32.01
Morrow	8,624,236	7,236,209	184,329,200	12,126	144,250	44.03
Muskingum	22,813,807	16,537,125	428,704,690	510,861	2,745,040	38.57
Noble	3,000,927	2,785,763	70,144,520	10,062	102,787	39.43
Ottawa	20,954,222	13,876,515	373,763,510	313,439	2,758,132	37.13
Paulding	7,325,776	6,340,567	133,806,490	220,201	84,542	47.38
Perry	7,842,465	6,290,325	144,964,050	6,957	440,931	43.39
Pickaway	11,855,223	9,802,827	278,153,300	108,439	300,167	35.24
Pike	5,564,007	4,039,362	107,859,440	37	224,361	37.45
Portage	58,158,858	38,917,457	813,757,380	1,629,483	1,920,365	47.83
Preble	12,130,968	10,464,363	259,094,890	395,877	180,189	40.39
Putnam	9,866,700	8,914,677	220,752,450	71,977	70,380	40.38
Richland	48,127,882	37,994,808	832,319,350	447,167	1,702,500	45.65
Ross	20,804,568	15,494,578	392,969,000	27,182	680,135	39.43
Sandusky	20,076,434	16,365,192	417,415,710	427,956	419,628	39.21
Scioto	18,562,301	12,784,235	347,481,990	32,370	667,524	36.79
Seneca	17,480,504	13,683,828	379,639,610	200,011	356,348	36.04
Shelby	13,832,536	10,910,200	308,629,790	268,525	224,292	35.35
Stark	140,781,181	98,773,698	2,544,330,040	950,749	6,622,461	38.82
Summit	251,429,084	192,756,938	3,921,059,390	11,973,226	12,264,259	49.16
Trumbull	82,188,185	66,735,018	1,492,205,850	1,051,099	7,798,792	44.72
Tuscarawas	24,926,042	18,984,388	536,439,380	58,314	1,308,192	35.39
Union	13,344,718	10,909,906	272,167,180	72,398	156,590	40.09
Van Wert	10,134,930	8,612,798	208,555,160	80,290	89,296	41.30
Vinton	2,104,460	1,926,365	57,401,770	0	13,285	33.57
Warren	44,713,187	31,470,682	785,489,070	1,127,554	544,095	40.07
Washington	16,760,191	13,461,503	400,939,750	33,774	477,730	33.58
Wayne	40,883,846	29,865,222	759,469,760	228,977	1,137,971	39.32
Williams	13,087,496	9,060,572	235,919,495	416,464	104,419	38.40
Wood	47,076,180	35,521,435	842,969,070	2,740,092	1,648,109	42.14
Wyandot	7,183,192	5,354,032	156,124,370	51,440	155,121	34.29
Total	$4,954,878,615	$3,689,199,856	$78,908,191,300	$101,117,375	$228,189,626	46.75

(a) Represents taxes charged after "tax reduction factors" are applied. The 10% rollback for all real property, 2.5% rollback for residential real property, and homestead exemption reduction have not been subtracted from this figure because they are fully reimbursed to the local governments and school districts from the State General Revenue Fund.

(b) Rates shown in mills equal taxes charged divided by taxable value.

(c) Jackson County figures are from 1986.

Source: Abstracts filed by the county auditors with the Ohio Department of Taxation.

Table 64

TAXES LEVIED ON REAL PROPERTY AND PROPERTY TAX RELIEF, CALENDAR YEAR 1987[a], BY COUNTY

County	Taxes Charged[b]	10% Reduction	2.5% Reduction in Real Property Taxes of Homeowners[c]	Homestead Exemption Reduction	Net Taxes Collectible
Adams	$ 4,257,560	$ 424,906	$ 20,593	$ 104,212	$ 3,708,288
Allen	25,519,355	2,551,866	279,601	297,742	22,389,791
Ashland	11,660,377	1,166,003	138,722	213,839	10,142,436
Ashtabula	26,598,509	2,652,665	373,961	647,998	22,923,376
Athens	11,324,092	1,134,234	129,036	374,266	9,686,463
Auglaize	11,911,714	1,193,171	150,521	126,314	10,441,994
Belmont	15,575,191	1,552,103	217,306	486,145	13,319,445
Brown	6,140,417	609,496	54,536	162,721	5,313,247
Butler	80,207,146	8,001,405	1,415,972	829,090	69,960,532
Carroll	5,793,995	581,596	62,508	124,607	5,025,288
Champaign	8,613,995	863,771	43,480	142,291	7,564,458
Clark	34,333,761	3,431,711	467,753	615,992	29,818,544
Clermont	42,399,771	4,247,178	519,252	507,900	37,125,669
Clinton	9,589,144	953,141	86,292	132,028	8,418,539
Columbiana	21,088,934	2,103,752	280,624	614,466	18,090,158
Coshocton	8,598,910	861,376	93,007	138,023	7,506,594
Crawford	11,681,230	1,164,488	86,772	257,854	10,171,886
Cuyahoga	680,499,424	68,026,399	10,896,765	9,651,775	591,924,061
Darke	12,719,526	1,271,603	164,387	223,503	11,060,506
Defiance	10,494,754	1,040,559	147,184	140,738	9,165,518
Delaware	25,683,440	2,591,710	328,242	139,166	22,623,882
Erie	26,050,360	2,601,038	416,812	402,486	22,629,664
Fairfield	25,781,395	2,685,223	385,413	465,301	22,245,064
Fayette	5,914,323	590,939	47,185	114,674	5,161,202
Franklin	390,104,922	39,061,070	5,352,538	2,552,939	343,138,453
Fulton	11,745,851	1,176,598	147,338	139,598	10,282,466
Gallia	5,265,244	524,017	54,904	129,567	4,556,512
Geauga	40,671,832	4,053,312	631,682	245,178	35,741,828
Greene	43,747,517	4,385,200	687,528	355,888	38,319,384
Guernsey	9,629,417	960,846	104,770	313,235	8,250,149
Hamilton	369,549,736	36,598,003	5,835,769	3,586,088	323,529,140
Hancock	20,888,706	2,087,930	165,826	170,842	18,464,402
Hardin	7,180,914	719,009	73,501	125,863	6,262,627
Harrison	3,628,703	361,035	34,960	88,063	3,143,942
Henry	9,270,935	923,418	106,583	110,944	8,130,055
Highland	6,394,054	640,991	44,098	177,968	5,530,943
Hocking	5,043,914	502,951	70,004	130,746	4,339,299
Holmes	7,877,046	810,197	40,667	54,311	6,971,826
Huron	14,262,435	1,425,617	187,977	239,609	12,408,797
Jackson	4,964,757	480,865	65,571	207,973	4,210,590
Jefferson	14,831,562	1,482,313	184,560	406,116	12,759,011
Knox	13,527,809	1,349,654	154,066	232,205	11,792,075
Lake	125,706,487	11,618,856	1,556,078	949,309	111,581,758
Lawrence	10,181,648	945,001	127,912	448,900	8,660,187
Licking	34,678,774	3,459,265	502,131	427,140	30,290,464

Table 64 (continued)

County	Taxes Charged[b]	10% Reduction	2.5% Reduction in Real Property Taxes of Homeowners[c]	Homestead Exemption Reduction	Net Taxes Collectible
Logan	$ 10,490,777	$ 1,048,706	$ 110,994	$ 214,532	$ 9,116,767
Lorain	85,279,739	8,523,658	1,388,252	1,633,514	73,734,576
Lucas	166,786,712	16,676,871	2,450,952	2,601,083	145,058,094
Madison	9,188,663	918,033	81,412	113,253	8,076,302
Mahoning	73,690,713	7,303,016	1,106,802	1,618,105	63,662,077
Marion	15,511,754	1,544,095	198,327	213,551	13,555,027
Medina	48,038,313	4,786,912	796,067	364,036	42,090,985
Meigs	4,442,503	444,225	36,069	134,236	3,827,470
Mercer	11,186,111	1,114,285	129,162	118,268	9,824,285
Miami	25,023,308	2,512,771	429,481	406,743	21,674,006
Monroe	3,340,018	333,835	38,611	86,912	2,880,642
Montgomery	206,041,294	20,512,262	2,937,713	1,630,866	180,961,160
Morgan	2,739,780	257,862	20,855	42,868	2,418,415
Morrow	7,236,209	719,662	82,486	134,298	6,299,554
Muskingum	16,537,125	1,652,996	207,352	448,026	14,228,626
Noble	2,765,763	276,578	20,536	74,837	2,394,050
Ottawa	13,876,515	1,388,402	95,897	206,346	12,186,355
Paulding	6,340,567	634,445	64,744	82,219	5,558,592
Perry	6,290,325	622,731	78,294	254,003	5,334,972
Pickaway	9,802,827	979,168	120,985	117,792	8,585,056
Pike	4,039,362	402,355	124,213	111,836	3,400,595
Portage	38,917,457	3,888,658	322,711	414,543	34,292,088
Preble	10,464,363	1,043,400	131,685	167,390	9,121,525
Putnam	8,914,677	890,693	126,219	87,569	7,810,519
Richland	37,994,808	3,730,362	502,968	594,602	33,166,068
Ross	15,494,576	1,544,564	153,056	356,126	13,441,254
Sandusky	16,365,192	1,607,025	252,893	230,895	14,274,187
Scioto	12,784,235	1,275,972	182,061	629,735	10,696,233
Seneca	13,683,828	1,350,634	191,896	195,307	11,946,164
Shelby	10,910,200	1,081,346	88,935	126,269	9,613,450
Stark	98,773,698	9,853,573	1,430,511	1,563,139	85,926,778
Summit	192,756,938	19,082,032	2,375,519	2,706,665	168,592,783
Trumbull	66,735,018	6,622,606	866,787	1,121,621	58,124,987
Tuscarawas	18,984,388	1,897,079	259,505	502,254	16,325,161
Union	10,909,906	1,095,618	102,348	122,933	9,589,101
Van Wert	8,612,798	860,804	104,470	143,002	7,504,724
Vinton	1,926,365	192,338	19,004	92,781	1,622,878
Warren	31,470,682	3,159,924	482,081	315,623	27,513,371
Washington	13,461,503	1,315,159	163,468	249,752	11,733,621
Wayne	29,865,222	2,976,915	388,207	302,074	26,197,804
Williams	9,060,572	905,700	120,120	147,965	7,886,215
Wood	35,521,435	3,545,151	415,564	288,915	31,271,370
Wyandot	5,354,032	536,028	50,207	76,353	4,691,412
Total[d]	$3,689,199,856	$366,974,928	$52,183,804	$49,048,451	$3,220,989,817

(a) Taxes levied in calendar year 1987 and collected in calendar year 1988.

(b) Represents taxes charged after "tax reduction factors" are applied.

(c) Reduction is applied to residential and farm real property not exceeding one acre.

(d) Counties may not add to total due to rounding.

Source: Auditor of State

Table 65

ASSESSED VALUATION OF EXEMPT REAL PROPERTY IN OHIO, BY SELECTED OWNERSHIP CLASSIFICATIONS, CALENDAR YEARS 1983-1987

(amounts given in millions of dollars)

	1983	1984	1985[a]	1986[b]	1987[c]
Property Under Public Ownership:					
Boards of Education	$2,461.4	$2,574.4	$2,589.0	$2,602.6	$2,673.4
Municipalities	1,833.2	1,940.1	2,063.3	2,114.9	2,199.6
United States	903.9	930.7	842.9	841.1	991.6
State	1,382.2	1,385.2	1,328.0	1,442.7	1,604.0
Counties	746.7	820.9	870.6	873.3	925.8
Park Districts	206.7	214.4	221.1	223.0	225.3
Townships	144.1	141.3	109.0	97.8	103.4
Total	$7,678.2	$8,007.0	8,023.9	$8,195.4	$8,723.1
Property Under Private Ownership:					
Churches	$1,499.2	$1,565.8	$1,597.3	$1,626.2	$1,709.4
Charities	1,156.3	1,260.4	1,361.2	1,437.3	1,553.5
School and Colleges	684.4	774.0	792.3	844.1	929.2
Cemeteries	122.9	126.0	126.1	127.6	133.5
Tax Abatements	429.0	406.8	436.8	518.0	595.2
Total	$3,891.8	$4,133.0	$4,313.7	$4,553.2	$4,920.8
Grand Total--Property Under Public and Private Ownership	$11,570.0	$12,140.0	$12,337.6	$12,748.6	$13,643.9

(a) 1985 data for Jackson and Perry counties were not available. 1984 data were used instead for those two counties.

(b) 1986 data for Jackson county were not available. 1984 data were used instead.

(c) 1986 data used for Athens county; 1984 data for Jackson county.

Table 66

ASSESSED VALUE OF EXEMPT REAL PROPERTY COMPARED TO POTENTIAL TAX BASE, BY COUNTY, CALENDAR YEAR 1987

County	Assessed Value of Taxable & Exempt Real Property (Potential Tax Base) (a)	Assessed Value of Exempt Real Property	Percent of Potential Property Tax Base Exempt from Taxation
Adams	$162,645,160	$15,204,780	9.35%
Allen	790,777,170	106,739,910	13.50
Ashland	345,241,520	54,651,450	15.83
Ashtabula	698,939,310	101,346,840	14.50
Athens	367,155,780	129,214,010	35.19
Auglaize	337,210,510	38,288,200	11.35
Belmont	475,480,090	61,429,570	12.92
Brown	194,635,610	24,949,460	12.82
Butler	2,511,217,665	463,618,220	18.46
Carroll	186,068,070	12,926,250	6.95
Champaign	236,038,630	20,387,610	8.64
Clark	966,097,990	171,679,840	17.77
Clermont	1,089,589,340	120,091,750	11.02
Clinton	270,802,620	34,869,410	12.88
Columbiana	591,271,030	58,244,540	9.85
Coshocton	260,080,600	19,712,970	7.58
Crawford	404,043,230	101,077,320	25.02
Cuyahoga	13,381,036,900	2,104,647,500	15.73
Darke	377,704,820	36,362,970	9.63
Defiance	296,067,750	33,199,110	11.21
Delaware	729,148,970	101,214,680	13.88
Erie	659,010,750	56,992,820	8.65
Fairfield	716,793,310	66,466,510	9.27
Fayette	201,120,510	16,829,860	8.37
Franklin	10,417,072,690	1,793,007,890	17.21
Fulton	305,321,620	38,085,960	12.47
Gallia	223,005,160	47,613,730	21.35
Geauga	885,734,970	56,965,980	6.43
Greene	1,287,961,490	316,193,720	24.55
Guernsey	273,380,890	56,392,460	20.63
Hamilton	8,243,766,850	1,072,246,020	13.01
Hancock	615,591,880	69,439,150	11.28
Hardin	213,700,450	31,016,950	14.51
Harrison	119,712,070	13,607,420	11.37
Henry	233,423,430	27,944,490	11.97
Highland	208,514,940	22,837,340	10.95
Hocking	193,560,130	55,012,810	28.42
Holmes	222,726,180	13,247,880	5.95
Huron	389,280,190	37,141,970	9.54
Jackson	167,899,560	14,965,390	8.91
Jefferson	476,672,100	64,724,090	13.58
Knox	357,950,980	50,979,410	14.24
Lake	2,885,542,990	168,383,510	5.84
Lawrence	326,204,600	38,070,160	11.67
Licking	1,038,662,580	134,349,750	12.93
Logan	$324,220,900	$33,167,600	10.23%
Lorain	2,145,131,030	316,148,500	14.74
Lucas	3,672,464,610	560,657,190	15.27
Madison	262,141,050	35,395,060	13.50
Mahoning	1,768,293,330	246,998,760	13.97
Marion	467,508,850	56,682,950	12.12
Medina	1,095,071,280	95,182,520	8.69
Meigs	139,577,720	11,911,150	8.53
Mercer	327,278,990	33,500,110	10.24
Miami	716,051,080	81,825,070	11.43
Monroe	107,342,910	10,359,360	9.65
Montgomery	5,010,663,780	879,643,810	17.56
Morgan	92,703,270	7,112,300	7.67
Morrow	177,221,980	12,892,780	7.27
Muskingum	513,695,080	84,990,390	16.54
Noble	79,161,640	9,017,120	11.39
Ottawa	418,085,280	44,321,770	10.60
Paulding	147,120,580	13,314,090	9.05
Perry	162,831,640	17,867,590	10.97
Pickaway	330,841,190	52,687,890	15.93
Pike	395,966,220	288,106,780	72.76
Portage	1,023,435,930	209,678,550	20.49
Preble	284,122,990	25,028,300	8.81
Putnam	243,799,840	23,047,390	9.45
Richland	942,049,050	109,729,700	11.65
Ross	473,402,410	80,433,410	16.99
Sandusky	481,914,190	64,498,480	13.38
Scioto	436,731,672	89,269,682	20.44
Seneca	432,049,970	52,410,360	12.13
Shelby	347,061,210	38,431,420	11.07
Stark	2,958,452,060	414,122,020	14.00
Summit	4,625,938,270	704,878,880	15.24
Trumbull	1,683,513,310	191,307,460	11.36
Tuscarawas	591,183,000	54,743,620	9.26
Union	332,369,630	60,202,450	18.11
Van Wert	236,332,570	27,777,410	11.75
Vinton	65,473,280	8,071,510	12.33
Warren	882,356,010	96,866,940	10.98
Washington	473,222,080	72,282,330	15.27
Wayne	867,923,390	108,453,630	12.50
Williams	257,597,915	21,678,420	8.42
Wood	985,920,060	142,950,990	14.50
Wyandot	220,029,550	63,905,180	29.04
Total	$92,532,113,882	$13,623,922,582	14.72

(a) Values in this column include only real property. In prior years this column included public utility tangible personal property value, but they were excluded to provide a consistent base to compare with the exempt value.

Source: Abstracts filed by County Auditors with the Ohio Department of Taxation.

Table 67

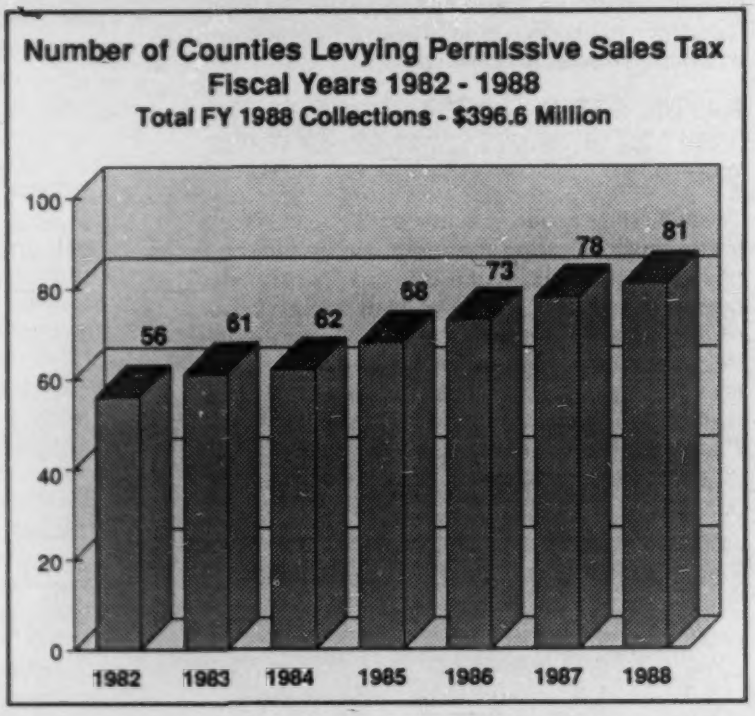
NUMBER OF HOMESTEAD EXEMPTIONS GRANTED, AVERAGE REDUCTION IN TAXABLE VALUE, AND AMOUNT OF REDUCTION IN TAXES, BY COUNTY, TAX YEAR 1987

County	Number of Homestead Exemptions Granted	Average Reduction in Taxable Value	Total Reduction in Real Property Taxes	County	Number of Homestead Exemptions Granted	Average Reduction in Taxable Value	Total Reduction in Real Property Taxes
Adams	1,089	$2,851	$ 104,212	Logan	1,496	$3,277	$ 214,532
Allen	2,496	2,691	297,742	Lorain	7,686	2,835	1,633,514
Ashland	1,436	2,887	213,839	Lucas	13,718	2,702	2,601,083
Ashtabula	3,884	2,947	647,998	Madison	823	2,949	113,253
Athens	2,112	2,812	374,266	Mahoning	10,306	2,736	1,618,105
Auglaize	1,062	2,510	126,314	Marion	1,484	2,798	213,551
Belmont	3,522	2,866	486,145	Medina	1,775	2,963	364,036
Brown	1,327	2,892	162,721	Meigs	1,340	2,594	134,236
Butler	5,802	2,932	829,090	Mercer	896	3,105	118,268
Carroll	1,018	2,815	124,607	Miami	2,655	2,774	406,743
Champaign	937	2,825	142,291	Monroe	656	2,738	86,912
Clark	3,918	2,829	615,992	Montgomery	9,913	2,461	1,630,866
Clermont	2,792	3,125	507,900	Morgan	465	2,360	42,868
Clinton	945	2,922	132,028	Morrow	889	2,763	134,298
Columbiana	4,673	2,693	614,466	Muskingum	3,108	2,793	448,026
Coshocton	1,069	2,851	138,023	Noble	655	2,648	74,837
Crawford	1,786	2,710	257,854	Ottawa	1,205	2,802	206,346
Cuyahoga	44,000	2,755	9,651,775	Paulding	598	2,428	82,219
Darke	1,791	2,822	223,503	Perry	1,584	2,885	254,003
Defiance	1,045	2,905	140,738	Pickaway	939	2,923	117,792
Delaware	965	2,826	139,166	Pike	1,251	2,927	111,836
Erie	2,266	2,868	402,486	Portage	2,321	2,721	414,543
Fairfield	2,830	2,944	465,301	Preble	1,220	2,899	167,390
Fayette	943	2,927	114,674	Putnam	800	2,332	87,569
Franklin	14,150	2,996	2,552,939	Richland	3,568	2,845	594,602
Fulton	992	2,529	139,598	Ross	2,452	2,805	356,126
Gallia	1,196	3,049	129,567	Sandusky	1,673	2,755	230,895
Geauga	1,281	2,769	245,178	Scioto	4,480	2,896	629,735
Greene	2,088	2,779	355,888	Seneca	1,505	2,862	195,307
Guernsey	2,119	2,802	313,235	Shelby	1,025	2,772	126,269
Hamilton	17,994	2,943	3,586,088	Stark	10,336	2,775	1,563,139
Hancock	1,178	2,965	170,842	Summit	14,601	2,955	2,706,665
Hardin	887	2,974	125,863	Trumbull	7,318	2,805	1,121,621
Harrison	744	2,562	88,063	Tuscarawas	3,689	2,982	502,254
Henry	778	2,746	110,944	Union	764	2,842	122,933
Highland	1,522	2,840	177,968	Van Wert	979	2,911	143,002
Hocking	1,038	2,587	130,746	Vinton	816	2,969	92,781
Holmes	417	2,656	54,311	Warren	1,942	2,952	315,623
Huron	1,833	2,350	239,609	Washington	2,221	2,705	249,752
Jackson	1,749	3,059	207,973	Wayne	1,998	2,733	302,074
Jefferson	3,386	2,679	406,116	Williams	1,122	2,395	147,965
Knox	1,584	2,814	232,205	Wood	1,859	2,600	288,915
Lake	4,774	2,750	949,309	Wyandot	625	2,545	76,353
Lawrence	3,423	2,987	448,900				
Licking	3,020	2,967	427,140	Total	290,617	$2,814	$49,048,451

Source: Survey filed with the Department of Taxation by County Auditors.

SALES AND USE TAX

The Ohio sales and use tax went into effect in January 1935. The sales tax rate was 3% until 1967 when a 4% rate was adopted. After imposing a temporary 5% sales tax during the period of January through June 1981, a permanent 5% rate was adopted in November 1981. The sales and use tax originally was restricted to the sale or rental of tangible personal property, but has been extended to some services including costs of repairs and installation, and automatic data processing and computer services provided to business.



In 1967, the Ohio General Assembly authorized counties to levy a tax of 0.5% in addition to the state sales and use tax for the purpose of providing additional county general revenue. The tax is levied pursuant to a resolution of the county commissioners and is subject to repeal by majority vote of the county electorate. In January 1982, counties were given the option of levying a full 1% permissive tax. In 1986 the Ohio General Assembly further authorized counties to levy an additional 0.5% sales tax subject to voter approval for one or more of the following purposes: (1) payment of bonds issued for a convention facility; (2) revenue for a transit authority; (3) additional county general revenue; (4) revenue for permanent improvements. In July 1987 counties and transit authorities were authorized to levy the tax in quarter percent increments. As of June 30, 1988, 81 of the 88 counties in Ohio levied a county permissive tax. In fiscal year 1988, the state collected $396.6 million for county governments.

In 1974, the Ohio General Assembly authorized transit authorities to levy a tax to be collected in addition to the state sales and use tax and county permissive tax for the purpose of providing revenues for public mass transit systems. The tax is levied pursuant to a resolution of the transit authority and subsequent approval by a majority of the voters at a special or general election. The tax can be levied at a rate of up to 1.5%. As of June 30, 1988 the Greater Cleveland Regional Transit Authority levied a 1% tax and the Miami Valley Transit Authority levied a 0.5% permissive sales tax. In fiscal year 1988, the state collected $109.7 million for the transit authorities including assessments and late payments to the Central Ohio Transit Authority that discontinued its tax September 1, 1985. The same exemptions and exceptions, credits, and payment dates apply to the regional transit authority tax as to the state tax.

The state collects the combined state and local tax and returns the local share directly to the counties. The same exemptions and exceptions, credits, and payment dates apply to the county tax as to the state tax. The sales and use tax is the second largest revenue producer for the state, amounting to $3.2 billion in fiscal year 1988.

TAX BASE (R.C. 5739.01, 5741.01):

The state, county, and transit authority sales and use taxes apply to all retail sales of tangible personal property that are not specifically exempt. Retail sales include the rental of tangible personal property, the rental of hotel rooms by transient guests, and the sales of specified services.

The county and transit authority use taxes apply to purchases made outside of the state and to purchases made from vendors located in an area which

TAX BASE: (cont'd)

does not have the permissive sales and use tax when the property or service is used in an area that levies a permissive sales and use tax.

RATES (R.C. 5739.02, 5739.021, 5739.023, 5739.025, 5741.02, 5741.021, 5741.022):

The state sales and use tax rate is 5%. Counties and transit authorities are authorized to levy an additional permissive tax at a rate of 0.25% to 1.5% in quarter percent increments. The applicable sales tax rate for all taxable sales except computer services is the location of the vendor. The applicable sales or use tax rate for computer services is the location of the purchaser. The applicable use tax rate for all taxable sales is the location of the purchaser. Following are the number of jurisdictions at each tax rate as of June 30, 1988.

State Rate	Local Rate	Total Rate	Number of Jurisdictions
5.0%	--	5.0%	7 counties
5.0	0.5%	5.5	27 counties
5.0	0.75	5.75	1 county
5.0	1.0	6.0	51 counties
5.0	1.5	6.5	1 county
5.0	2.0	7.0	1 county

A bracket system is specified in Section 5739.025 of the Revised Code for each of the above rates.

EXEMPTIONS AND EXCEPTIONS (R.C. 5709.25, 5709.50, 5739.01, 5739.02, 5741.02):

1. Copyrighted motion picture films unless solely used for advertising;
2. Service transactions in which tangible personal property is an inconsequential element for which no separate charge is made except for the following taxable services:
   - Repair costs
   - Installation costs
   - Washing, cleaning, waxing, polishing, and painting of a motor vehicle
   - Cleaning of towels, linens, and clothing used in business
   - Automatic data processing and computer services used in business
   - Telecommunications service;
3. The value of motor vehicles traded in on new motor vehicles sold by licensed motor vehicle dealers;
4. Tangible personal property to be resold in the form received;
5. The refundable deposit paid on returnable beverage containers, cartons, and cases;
6. Tangible personal property used or consumed in commercial fishing;
7. Direct use exceptions:
   a) Material incorporated as a component part of tangible personal property produced for sale by manufacturing, assembling, processing or refining;
   b) Material used or consumed directly in the production of tangible personal property by manufacturing, processing, refining, mining, farming agriculture, horticulture, floriculture, or used in the production of and exploration for crude oil and natural gas;
   c) Tangible personal property used directly in rendering a public utility service;
   d) Tangible personal property used or consumed directly in the transformation or conversion of raw coal into coke;
   e) Tangible personal property used or consumed in the preparation for sale of printed and other reproduced material and of magazines distributed as controlled circulation publications;
   f) Tangible personal property used directly in making retail sales.
8. Tangible personal property used or consumed in the surface reclamation of mined land;
9. Sales to U.S. Government agencies;
10. Sales to the state or any of its political subdivisions;
11. Food for human consumption off the premises where sold;
12. Food sold to students in a dormitory, cafeteria, fraternity, or sorority;
13. Food served without charge to employees as a part of their compensation;
14. Newspapers;
15. Magazine subscriptions sent by 2nd class mail or distributed as controlled circulation publications;
16. Motor vehicle fuel subject to the state motor fuel excise tax;
17. Gas, water, steam, and electricity delivered through pipes, conduits, or wires by a utility company;
18. Communication services by local telephone and telegraph companies (including cable television);
19. Casual sales except for motor vehicles and manufactured housing, titled watercraft and outboard motors, snowmobiles, and all purpose vehicles;

EXEMPTIONS AND EXCEPTIONS: (cont'd)

20. Sales by churches and non-profit charitable organizations (excluding motor vehicles and manufactured housing) provided that the number of sales does not exceed six days each year and no more than one day in any calendar month;
21. Transportation of persons or property;
22. Sales to churches and nonprofit organizations operated exclusively for charitable purposes;
23. Building and construction material sold to contractors for incorporation into real property of the federal, state, or local governments, or of religious and non-profit charitable institutions;
24. Ships used in interstate or foreign commerce and material used for repair, alteration, or propelling such vessels;
25. Material, machinery, equipment, and other items used in packaging property to be sold at retail;
26. Prescription drugs, insulin and injection materials used by diabetics, urine and blood testing materials used by diabetics or persons with hypoglycemia, oxygen and oxygen equipment for personal use, hospital beds for personal use, prosthetic devices, ostomy and orthopedic devices, hearing aids, crutches, wheelchairs and wheelchair lifts;
27. Emergency and fire protection vehicles used exclusively by non-profit organizations in providing emergency and fire protection services for political subdivisions;
28. Sales to non-profit community centers and to producers offering presentations in music, dramatics, the arts, and related fields to foster public interest and education;
29. Motor vehicles sold in Ohio to non-residents for titling and use outside the state;
30. Property used in the preparation of eggs for sale;
31. Sales of handling and transportation equipment (except licensed motor vehicles) to persons engaged in manufacturing, processing, assembling, or refining when used in moving property in or between plants during the production process;
32. Sales of property for use in agricultural production;
33. Property manufactured in Ohio and immediately shipped outside the state for use in retail business, if sold by the manufacturer to the retailer and shipped in vehicles owned by the retailer;
34. Sales to persons engaged in manufacturing, processing, assembling, or refining of property used directly in the production of property used or consumed in the production of a final product (use on use);
35. Sales to non-commercial, educational broadcasting stations;
36. Sales of animals by nonprofit animal shelters and county humane societies;
37. Items used in preserving, preparing, or serving food, or material used in maintaining or cleaning these items in a commercial food service operation;
38. Tangible personal property used in air, noise, or water pollution control facilities by holders of pollution control certificates issued by the Tax Commissioner;
39. Bulk water for residential use;
40. Tangible personal property incorporated into an energy conversion facility, solid waste energy conversion facility, or thermal efficiency improvement facility certified by the Tax Commissioner;
41. Sales to qualified nonprofit corporations of property used in furnishing services to, or conducting research for, public, educational, or charitable libraries;
42. Sales and installation of agricultural land tile and the sale and installation of portable grain bins to farmers;
43. Fees paid for the inspection of emission control equipment on motor vehicles;
44. Items and labor used in fulfilling a warranty that is included in the purchase price;
45. Sales to state headquarters of veterans organizations chartered by congress or recognized by the Veterans Administration;
46. Normally taxable food items sold to persons using food stamps;
47. Sales of tangible personal property used directly in providing a telecommunications service.

DISCOUNT (R.C. 5739.12, 5741.12):

Payment on or before the date a return is required to be filed entitles the vendor to a discount of 1.5% of the amount due. Example: ($5,000 tax due - $75 discount) = $4,925 net tax due

TAXPAYER (R.C. 5739.01, 5739.03, 5739.031, 5739.17, 5741.01):

Any person, retailer, business, organization, etc. making retail sales or making taxable purchases on which the tax has not been paid is required to file a return and remit the tax due.

The following are those required to remit sales or use tax, the cost of any license if needed, and a description of each type of taxpayer:

TAXPAYER: (cont'd)

Taxpayer	Cost of License	Description
Vendor	First year $25; Annual renewal $10	Each person or business establishment located in Ohio making retail sales.
Service Vendor	First year $25; Annual renewal $10	Person or business that provides automatic data processing and computer services to businesses or telecommunications service.
Transient Vendor	First year $100; Annual renewal $40	Retailer who makes sales in any county in which the person has no fixed place of business. The license is valid throughout the state.
Limited Vendor	Each event $5	Retailer who makes sales at a temporary exhibition, show, flea market or other event. The license is valid only for the duration of the event or for seventeen days, whichever is less.
Seller	No fee	Retailer located outside of Ohio who makes retail sales of property or services for storage, use, or consumption in Ohio.
Direct Pay Permit Holder	No fee	Manufacturers or other consumers who purchase tangible personal property for which the taxable status cannot be determined at the time of purchase. These consumers are authorized to make sales and use tax payments directly to the state.
Clerks of Court	No fee	Vehicle dealers remit taxes collected on sales of motor vehicles and house trailers to county Clerks of Courts when a vehicle is titled. Clerks of Court also collect the tax on casual sales of motor vehicles, watercraft and outboard motors required to be titled. Clerks of Court then remit these receipts to the State.
Ohio Department Liquor Control	No fee	Collects and remits sales tax paid on alcoholic beverages sold in state control stores.
Consumers Use Tax Account	No fee	Purchasers who have not paid the tax to a Vendor or Seller (in most cases for out-of-state transactions) make payments directly to the state.

PAYMENT DATES (R.C. 5739.12, 5741.12, Rule 5703-9-10):

Type of Return	Taxpayer	Payment Date
Weekly	Clerks of Court	Payment on Monday for tax collected during the preceding week on motor vehicles titled.
Semi-monthly	Ohio Department Liquor Control	By the 15th day of the month for the tax collected during the first 15 days of the previous month, and by the last day of the month for the tax collected from the 16th through the last day of the previous month on alcoholic beverage sold in state control stores.
Monthly	Vendors, Sellers, Service Vendors, Transient Vendors	By the 23rd day of the month for the tax collected during the preceding month.
Quarterly	Direct Pay Permit Holders	By the last day of January, April, July, and October for their tax liability during the preceding three months.
Quarterly	Consumer Use Tax Accounts	By the 15th day of January, April, July, and October for their tax liability during the preceding three months.
Semi-annual	Vendors, Sellers	By the 23rd day of the month following the close of each semi-annual period (predetermined by filing schedule) for the tax collected during the preceding six-month period. This method of payment may be authorized for vendors and sellers whose tax liability is less than $600 per six-month period.

SPECIAL PROVISIONS:

1. **Master Accounts (Rule 5703-9-09):** Vendors who have two or more places of business in Ohio may, upon approval by the Tax Commissioner, file a single monthly consolidated return reporting on one form the information that normally is required to be reported from each location.
2. **Prearranged Agreements (R.C. 5739.05):** Vendors, such as fast food outlets, whose business is of a nature that keeping records of which sales are taxable and which exempt would impose an unreasonable burden, may be authorized by the Tax Commissioner to pay an amount based on a test check conducted to determine the proportion of taxable sales to total sales. Businesses electing this method of payment still collect the tax from customers at the time of purchase.
3. **Prepayment (R.C. 5739.05 and Rule 5703-9-08):** Vendors, such as coin-operated vending machine operators, whose business is of a nature that the collection of the tax from consumers would impose an unreasonable burden, may be authorized by the Tax Commissioner to prepay the tax at a rate based on an analysis of sales and prices.
4. **Construction Contractors (R.C. 5739.01):** Construction contractors are considered to be the consumers of property incorporated into the construction of or improvement to real property and thus responsible for paying the tax on such property.
5. **Island Taxing Districts (R.C. 5739.101 - 5739.107):** Offshore islands not connected to the mainland by highway or bridge are authorized to levy a tax at the rate of 0.5%, 1%, or 1.5% on business receipts from sales. Receipts from this tax are for the general revenue of the township or municipality within the island territory. The tax is administered and collected by the county treasurer.
6. **Lodgings Tax (R.C. 5739.02 and 5739.024):** In addition to the state sales tax, municipal corporations, townships, and counties may levy an excise tax on hotel and motel room rentals at a rate not exceeding three percent. Total combined local levies cannot exceed six percent. In certain cases, a portion of the receipts is earmarked for convention centers and visitor bureaus.

DISPOSITION OF REVENUE:

1. **State Sales and Use Tax:**
   a) Sales tax (R.C. 5739.21) -- Effective February 1, 1988, all receipts to the state General Revenue Fund with 4.5% of the amount transferred to the Local Government Fund.
   b) Use tax (R.C. 5741.03) -- Effective February 1, 1988 all receipts to the state General Revenue Fund with 4.5% of the amount transferred to the Local Government Fund.
2. **County Permissive Sales and Use Tax (R.C. 5739.21, 5741.03):**
   a) 1% certified to the credit of the Local Sales Tax Administrative Fund for the use of the Tax Commissioner in defraying costs of administration.
   b) Remainder to the county general revenue fund.
3. **County Additional Permissive Sales and Use Tax (R.C. 5739.21, 5741.023):**
   a) 1% certified to the credit of the Local Sales Tax Administrative Fund for the use of the Tax Commissioner in defraying costs of administration.
   b) Remainder to the special purpose fund for which the additional tax is levied.
4. **Transit Authority Sales and Use Tax (R.C. 306.31, 5739.21, 5741.03):**
   a) 1% certified to the credit of the Local Sales Tax Administrative Fund for the use of the Tax Commissioner in defraying costs of administration.
   b) Remainder to the general revenue of the transit authority for the purpose of acquiring, constructing, operating, maintaining, replacing improving, and extending transit facilities.

OHIO REVISED CODE CITATIONS:

Chapters 306, 5709, 5739, 5741.

RECENT LEGISLATION:

House Bill 274, effective July 20, 1987.

R.C. 5739.01: The providing of credit information and collection services is excluded from the business data processing and computer services sales tax.

R.C. 5739.021: Authorizes counties and transit authorities to levy the permissive sales and use tax in quarter percent increments.

RECENT LEGISLATION: (cont'd)

Senate Bill 92, effective October 20, 1987.

R.C. 5739.01: Exempts testing and quality control equipment used during the manufacturing process if conducted within the manufacturing facility.

R.C. 5739.02: Exempts the sales of items purchased by persons using food stamps.

House Bill 689, effective February 25, 1988.

R.C. 5739.01: Long distance telephone services that have been purchased for resale are a taxable telecommunications service.

RECENT SIGNIFICANT COURT DECISIONS:

Ohio Steel Tube Co. v. Limbach (July 10, 1987), 5th App. Dist. Case No. CA-2454. Back-up propane and fuel oil distribution lines and a machine which removes scale and rust on coiled sheet steel are directly used in production and are therefore excepted from sales tax.

Compuserve, Inc. v. Lindley (October 27, 1987), 10th App. Dist. Case No. 86 AP-376 and 377. Computer application software which is custom-designed and capable of being transmitted to the customer through non-tangible means is not taxable.

Ford Motor Co. v. Limbach (1987), 32 Ohio St. 3d 136. A conveyor which moves scrap metal from fender-stamping machines to a baler that is used to compress scraps prior to their sale is not excepted from the tax.

General Motors Corp. v. Lindley (1987), 32 Ohio St. 3d 158. A system of conveyors and handlers is exempt when it moves the scrap produced by earlier casting back to the furnace in such quantity that the scrap accounts for nearly 50% of the material melted to make the additional casting. Battery rechargers used to power lift trucks are not exempt. A sand recycling system which transports sand that has been used in molds back to the sand blender is not exempt from tax.

Chemertron Corp. v. Limbach (1987), 32 Ohio St. 3d 296. Sales tax exemption certificates must apprise the Tax Commissioner of the nature of the claim for exemption, but need not recite the exemption statute verbatim.

Akron Golf Charities, Inc. v. Limbach (1987), 34 Ohio St. 3d 11. An organization that promotes golf tournaments in which well-known players are amply compensated, and which distributes its proceeds to charities, is itself a charity and its purchases are exempt.

Cincinnati Cordage & Paper Co. v. Limbach (March 15, 1988), 10th App. Dist. Cases 87-Ap-628 and 629. The sale of plastic bags by the manufacturer to the distributor of bags which are filled with advertisements and distributed free to homeowners is taxable.

Southwestern Portland Cement Co. v. Limbach (1988), 35 Ohio St. 3d 196. For cement manufacturing, quarry equipment and a controller on the conveyor carrying the limestone and clay from the quarries are exempt from sales tax because they are directly used in manufacturing.

Lucas v. Limbach (1988), 35 Ohio St. 3d 71. Personal liability of corporate officers does not arise when a bankrupt corporation has entered an agreement with the Tax Commissioner to make a series of payments to retire sales tax obligations and this agreement has been confirmed by the Bankruptcy Court.

Manfredi Motor Transit Co. v. Limbach (1988), 35 Ohio St. 3d 73. A trucking company which is both a common carrier (public utility) and a contract carrier is entitled to exemption from sales tax on those purchases which it uses primarily in its public utility function.

Arga Co. v. Limbach (1988), 36 Ohio St. 3d 220. For an airplane vendor that solicits and concludes a sale and delivers the order to a customer who is located in a county other than that of the vendor's headquarters, the sale's location is the customer's county and that county's permissive sales tax applies.

J.C. Penney Co. v. Limbach (1988), 36 Ohio St. 3d 9. The assembly of larger pieces of a merchandise conveyor system is installation of personal property, which was not taxable during the audit period.

Table 68
SALES AND USE TAX COLLECTIONS BY TYPE OF PAYMENT
FISCAL YEARS 1984-1988

Type of Payment	1984	1985	1986	1987	1988
Vendors Sales Tax	$1,581,091,093	$1,726,056,453	$1,836,661,469	$1,960,648,241	$2,222,727,493
Sellers Use Tax	80,074,596	94,310,311	102,655,688	137,594,446	133,551,857
Direct Payment Sales Tax	92,296,472	104,596,852	113,966,852	110,537,366	119,750,017
Consumers Use Tax	47,153,791	53,379,392	59,051,534	62,742,205	60,417,675
Sales and Use Tax Assessments and Penalties	41,486,076	47,991,622	60,945,533	63,440,019	63,709,822
Attorney General Sales and Use Tax Collections	17,998,560	20,737,460	15,045,012	7,235,964	36,360,942
Liquor Sales by Department of Liquor Control	15,256,544	14,979,753	14,488,068	14,818,645	14,517,542
Tax on Casual Watercraft Sales	3,441,031	3,593,280	4,314,639	4,809,055	4,963,701
Tax on Motor Vehicles and House Trailers	428,239,435	486,390,438	575,929,333	603,187,487	553,871,260
Total	$2,307,037,598	$2,552,035,561	$2,783,058,128	$2,965,013,428	$3,209,870,309
County and Regional Transit Authority Tax	293,668,222	323,559,341	391,042,344	417,094,720	506,247,431
Grand Total	$2,600,705,820	$2,875,594,902	$3,174,100,472	$3,382,108,148	$3,716,117,740

Source: Ohio Office of Budget & Management, Monthly Revenue Report

Table 69
NUMBER OF ACCOUNTS BY TYPE AND PAYMENT SCHEDULE
AS OF JUNE 30, 1988

	PAYMENT SCHEDULE			
Accounts	Monthly	Semi-Annual	Quarterly	Total
Vendors	91,428	122,205	0	213,633
Sellers Use	3,303	6,452	0	9,755
Service Vendors	1,285	0	0	1,285
Transient Vendors	1,705	0	0	1,705
Master Accounts	1,422[a]	0	0	1,422
Consumers Use	0	0	9,730	9,730
Direct Pay	0	0	987	987
Total	99,143	128,657	10,717	238,517

(a) Represents 22,297 retail establishments authorized to file under Consolidated Master Accounts.

Table 70

COUNTY AND TRANSIT AUTHORITY PERMISSIVE TAX COLLECTIONS, FISCAL YEARS 1984 - 1988

Number Active	County	Tax Rate 6/30/88	Amount of Tax					Current Status	
			1984	1985	1986	1987	1988	First Enacted	Termination Date
--	Adams *	--	0	0	0	0	0	--	--
1	Allen	1.0%	$2,734,503	$2,950,669	$3,183,870	$3,605,479	$7,100,565	May 1, 1970	--
2	Ashland	0.5	704,457	748,660	799,276	840,703	954,259	Mar. 1, 1971	--
3	Ashtabula	1.0	1,624,868	1,754,277	3,443,989	3,763,001	4,000,248	Apr. 1, 1977	--
4	Athens	0.5	775,013	822,840	897,311	931,468	1,019,205	Feb. 1, 1982	--
5	Auglaize	1.0	703,740	760,826	826,017	1,360,237	1,914,734	Nov. 1, 1973	--
6	Belmont	0.5	0	130,102	1,593,116	1,713,234	1,859,004	May 1, 1985	--
7	Brown	0.5	337,184	424,004	366,485	441,863	553,661	Aug. 1, 1979	--
8	Butler	0.5	0	19,050	5,299,153	5,976,656	6,521,058	Jun. 1, 1985	--
9	Carroll	1.0	0	0	502,509	753,941	856,122	Sep. 1, 1985	--
10	Champaign	1.0	0	0	426,807	1,132,150	1,191,575	Jan. 1, 1986	--
11	Clark	1.0	3,808,281	5,456,350	6,325,702	6,643,282	7,151,308	Nov. 1, 1972	--
12	Clermont	1.0	4,044,423	5,582,007	6,394,204	7,056,115	7,845,209	Aug. 1, 1979	--
13	Clinton	0.5	545,665	584,475	634,056	696,223	726,596	May 1, 1972	--
--	Columbiana	--	0	0	1,332,489	13,878	12,298	Aug. 1, 1985	Dec. 31, 1985
14	Coshocton	1.0	558,767	717,143	1,218,859	1,263,192	1,382,798	Jun. 1, 1971	--
15	Crawford	0.5	717,826	939,901	1,225,699	833,833	897,462	May 1, 1978	--
16	Cuyahoga	1.0	35,056,838	36,967,988	39,896,247	41,210,832	71,162,616	Sep. 1, 1969	--
17	Darke	1.0	762,129	850,256	951,272	1,011,303	1,520,760	Jul. 1, 1975	--
18	Defiance	1.0	0	0	0	577,401	1,989,170	Feb. 1, 1987	--
19	Delaware	1.0	825,359	951,305	1,107,506	1,213,102	2,553,864	Jan. 1, 1972	--
20	Erie	1.0	2,020,884	2,219,478	2,493,732	3,207,802	5,450,694	Mar. 1, 1977	--
21	Fairfield	0.5	1,526,992	1,776,444	1,841,359	2,053,676	2,315,690	Sep. 1, 1981	--
22	Fayette	0.5	265,438	475,987	522,271	702,204	969,345	Mar. 1, 1983	--
23	Franklin	0.5	0	0	23,381,200	34,635,110	37,666,516	Sep. 1, 1985	--
24	Fulton	1.0	605,440	645,319	709,600	1,025,756	1,634,316	May 1, 1972	--
25	Gallia	1.0	506,156	529,955	560,235	581,411	1,115,915	Dec. 1, 1981	--
26	Geauga	0.5	0	0	0	0	1,382,990	Aug. 1, 1987	--
27	Greene	1.0	1,821,295	2,030,835	2,323,950	3,203,988	5,260,964	Mar. 1, 1971	--
28	Guernsey	1.0	1,458,212	1,513,511	843,806	1,101,121	1,694,699	Feb. 1, 1971	--
29	Hamilton	0.5	24,052,210	26,505,225	30,171,633	31,382,679	34,224,236	Jun. 1, 1970	--
30	Hancock	0.5	1,464,267	1,630,843	1,817,397	1,867,019	2,034,342	Feb. 1, 1979	--
31	Hardin	0.5	0	0	271,324	460,474	489,408	Oct. 1, 1985	--
32	Harrison	0.5	0	0	79,977	178,693	194,367	Dec. 1, 1985	--
33	Henry	1.0	546,180	450,206	506,369	995,895	1,059,696	Mar. 1, 1972	--
34	Highland	0.5	434,573	483,233	538,712	579,976	621,721	May 1, 1979	--
35	Hocking	1.0	288,137	317,531	424,149	363,066	603,336	Apr. 1, 1979	--
36	Holmes	0.5	446,732	489,882	560,879	637,652	675,148	Jul. 1, 1977	--
37	Huron	1.0	893,146	1,004,513	1,593,248	2,272,363	2,455,168	Feb. 1, 1978	--
38	Jackson	1.0	1,909	3,263	4,664	353	312,450	Apr. 1, 1982	--
39	Jefferson	1.0	1,432,330	1,462,539	1,529,912	1,627,087	3,115,813	Jun. 1, 1973	--
40	Knox	0.5	669,615	722,365	847,772	796,803	963,385	May 1, 1971	--
41	Lake	0.5	4,966,203	5,500,696	6,020,987	6,432,771	6,858,075	Jul. 1, 1969	--
42	Lawrence	1.0	0	0	11,115	1,477,090	1,677,138	Jun. 1, 1986	--
43	Licking	1.0	2,865,707	4,634,244	5,195,896	5,731,459	6,363,089	Feb. 1, 1971	--
44	Logan	1.0	660,062	746,437	833,031	903,047	1,157,279	Jan. 1, 1974	--
45	Lorain	0.5	0	0	4,680,499	5,427,523	6,165,979	Jul. 1, 1985	--
46	Lucas	1.0	22,722,114	24,312,002	27,464,761	29,395,066	31,331,809	Feb. 1, 1971	--
47	Madison	1.0	798,906	873,770	984,768	1,122,821	1,233,718	Mar. 1, 1983	--
48	Mahoning	0.5	5,290,530	5,592,162	6,172,898	6,235,181	6,867,489	Apr. 1, 1980	--
49	Marion	0.5	0	0	1,002,128	1,467,310	1,551,175	Sep. 1, 1985	--
50	Medina	0.5	1,959,357	2,162,364	2,462,705	2,606,481	3,011,206	Apr. 1, 1971	--

Table 70 (Con'd)

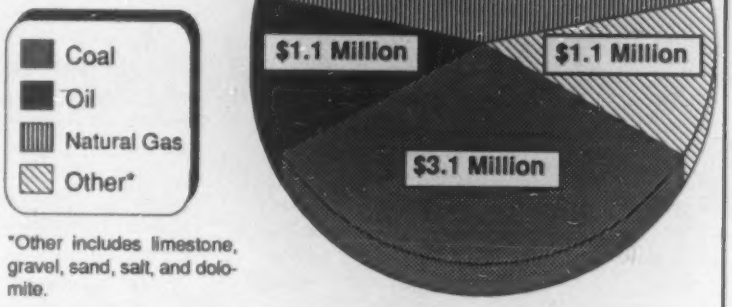
Number Active	County	Tax Rate 6/30/88	Amount of Tax 1984	1985	1986	1987	1988	Current Status: First Enacted	Termination Date
51	Meigs	1.0%	0	0	0	$197,269	$670,922	Feb. 1, 1987	--
52	Mercer	1.0	$647,511	$720,865	$778,029	887,368	1,815,312	Nov. 1, 1971	--
53	Miami	1.0	1,661,793	1,895,545	2,025,516	2,268,535	3,670,007	Dec. 1, 1969	--
54	Monroe	1.0	0	0	0	236,542	495,248	Oct. 1, 1986	--
55	Montgomery	0.5	14,453,643	16,122,729	27,185,643	25,817,865	20,395,120	Jan. 1, 1971	--
56	Morgan	1.0	131,583	150,683	152,775	159,077	253,342	Feb. 1, 1972	--
57	Morrow	0.5	216,858	246,904	271,348	290,246	337,291	Jul. 1, 1971	--
58	Muskingum	1.0	3,180,018	3,412,249	3,921,223	3,982,933	4,175,321	May 1, 1971	--
59	Noble	1.0	122,514	164,674	252,223	255,680	282,897	Jan. 1, 1971	--
60	Ottawa	1.0	770,837	929,382	1,899,596	2,098,780	2,333,585	Oct. 1, 1973	--
61	Paulding	1.0	69,376	404,048	466,798	482,955	538,372	Apr. 1, 1984	--
62	Perry	1.0	584,338	620,468	664,410	673,404	745,911	Mar. 1, 1971	--
63	Pickaway	1.5	776,001	1,369,520	1,537,251	1,629,710	2,027,191	Oct. 1, 1983	--
64	Pike	1.0	0	0	0	0	66,990	May 1, 1988	--
--	Portage	--	0	0	0	5,966	2,856,559	Apr. 1, 1971	Dec. 31, 1987
64	Preble	1.0	437,093	479,825	672,130	1,104,660	1,270,177	Nov. 1, 1979	--
66	Putnam	1.0	413,119	432,062	475,867	550,223	1,107,155	Jan. 1, 1974	--
67	Richland	0.75	2,524,939	2,492,586	3,503,375	2,273,135	1,841,187	Jun. 1, 1979	Dec. 31, 1985
68	Ross	1.0	1,187,755	1,245,770	1,343,301	1,875,051	3,181,524	Jan. 1, 1980	--
69	Sandusky	1.0	1,087,345	1,170,850	1,333,522	2,432,032	2,815,460	Aug. 1, 1979	Dec. 31, 1987
70	Scioto	1.0	1,208,367	1,264,895	1,360,317	1,665,205	2,939,839	May 1, 1979	--
--	Seneca	--	1,162,837	1,615,803	1,263,978	27,020	109,042	Oct. 1, 1983	Dec. 31, 1985
71	Shelby	1.0	659,875	702,982	793,380	834,269	1,160,575	Mar. 1, 1971	--
--	Stark	--	0	0	0	6,426,657	12,333,533	Jan. 1, 1987	--
72	Summit	0.5	12,363,715	13,613,571	14,815,638	15,263,609	17,173,601	Mar. 1, 1973	--
--	Trumbull	--	0	418	3,206,735	18,556	18,810	Jun. 1, 1985	--
73	Tuscarawas	1.0	636	0	1,583,788	900,125	3,914,513	Apr. 1, 1971	--
--	Union *	--	0	0	0	0	0	--	--
74	Van Wert	1.0	937,972	1,037,515	1,125,104	1,142,370	1,254,712	Mar. 1, 1972	--
75	Vinton	1.0	0	16,709	127,435	222,315	262,211	May 1, 1985	--
76	Warren	0.5	1,923,935	2,122,006	2,411,469	2,647,581	2,905,172	Jan. 1, 1972	--
77	Washington	1.0	1,398,935	2,340,646	2,551,721	2,618,063	2,737,748	Oct. 1, 1983	--
78	Wayne	0.5	1,776,327	1,910,399	1,992,392	2,134,220	2,458,427	Mar. 1, 1971	--
79	Williams	1.0	618,203	701,431	872,628	1,573,515	1,722,053	Dec. 1, 1977	--
80	Wood	1.0	2,255,929	2,420,355	2,644,935	2,847,510	4,756,537	Jun. 1, 1971	--
81	Wyandot	1.0	0	203,437	383,071	4,237	307,368	Feb. 1, 1985	--
	County Total		$183,466,992	$205,550,584	$283,891,142	$315,056,453	$396,563,378		
	Cleveland RTA (Cuyahoga County)	1.0%	$70,251,278	$74,122,473	$80,149,307	$82,824,508	$88,752,485	Oct. 1, 1975	--
	Miami Valley TA (Montgomery County)	0.5	$14,331,601	$15,493,835	$17,905,383	$18,816,433	$20,250,626	Jul. 1, 1980	--
	Central Ohio TA (Franklin County)		$25,618,351	$28,392,449	$9,096,516	$397,326	$680,942	Sep. 1, 1980	Aug. 31, 1985
	Transit Authority Total		$110,201,230	$118,008,757	$107,151,206	$102,038,267	$109,684,053		
	Grand Total		**$293,668,222**	**$323,559,341**	**$391,042,348**	**$417,094,720**	**$506,247,431**		

Note: Some counties have repealed and then re-enacted the tax, and increased rates since the first enactment.
* Adams and Union counties have never had a permissive sales tax.

SEVERANCE TAX

The severance tax, first levied in 1972, is paid by persons or firms which extract or sever certain natural resources from the soil or waters of Ohio. The tax produced $9.3 million in fiscal year 1988, about 43% of it from the levy on natural gas. Severers are licensed by the Tax Commissoner or other designated state agencies.

Severance Tax Collections, by Type of Resource
Fiscal Year 1988 Total – $9.3 Million



*Other includes limestone, gravel, sand, salt, and dolomite.

TAX BASE (R.C. 5709.02):

The tax is levied on the weight or volume of certain natural resources extracted from the soil or water of Ohio.

RATES (R.C. 5709.02):

Salt	4 cents per ton
Coal	9 cents per ton
Oil	10 cents per barrel
Natural Gas	2.5 cents per 1,000 cubic feet
Limestone, Dolomite, Sand, Gravel	1 cent per ton

EXEMPTIONS AND CREDITS (R.C. 5749.03):

$1,000 exemption annually for natural resources used on the land from which they are taken by the severer as part of the improvement of or use in his homestead.

TAXPAYER (R.C. 5749.02):

Each severer.

PAYMENT DATES (R.C. 5749.06):

Quarterly:

May 15	For quarterly periods ending
Aug. 14	the last day of March, June,
Nov. 14	September and December,
Feb. 14	respectively.

DISPOSITION OF REVENUE (R.C. 5749.02, 5749.021):

1. To fund the Geological Mapping Fund, the following distributions are made:
   (a) 6.3% of the 7 cents tax on coal
   (b) 15% of salt, limestone, dolomite, sand and gravel severance tax collections
   (c) 10% of oil and gas severance tax collections
2. To fund the Unreclaimed Lands Fund, the following distributions are made:
   (a) 21.6% of the 7 cents tax on coal
   (b) 85% of salt, limestone, dolomite, sand and gravel severance tax collections
3. To fund the Oil and Gas Well Plugging Fund, one million dollars is allocated from the remaining 90% of oil and gas severance tax collections. Any excess over this dollar amount will be allocated to the Oil and Gas Permit Fee Fund.
4. To fund the Defaulted Areas Fund, the following distributions are made:
   (a) Revenue from one cent levied on coal
   (b) 14.2% of the 7 cents tax on coal

DISPOSITION OF REVENUE: (cont'd)

5. To fund the Coal Mining Administration and Reclamation Reserve Fund 57.9% of the remaining 7 cents tax on coal is distributed to this fund.
6. To fund the Reclamation Supplemental Forfeiture Fund, the revenue from the additional one cent levied on coal.

SPECIAL PROVISIONS:

A temporary 1-cent-per-ton tax on coal may be enacted in the event the balance in the Reclamation Fund falls below $2 million and $500,000 has already been transferred to the fund by the Auditor of State in the fiscal year. An additional temporary 1 cent-per-ton tax on coal may be enacted if it is deemed that the balance of the defaulted areas fund plus transfers to the fund and the estimated revenue for the fund are not sufficient to reclaim lands.

OHIO REVISED CODE CITATIONS:

Chapter 5749.

RECENT LEGISLATION:

None

Table 71

SEVERANCE TAX COLLECTIONS, FISCAL YEARS 1986-1988

Natural Resource	Tax Rate	1986	1987	1988
Coal	9.0 cents per ton*	$2,786,092	$3,132,922	$3,097,981
Natural Gas	2.5 cents per 1,000 cu. ft.	4,576,908	4,174,867	4,034,260
Limestone	1.0 cents per ton	419,179	391,578	437,168
Oil	10.0 cents per barrel	1,467,557	1,141,301	1,113,419
Gravel	1.0 cent per ton	211,477	234,645	245,296
Sand	1.0 cent per ton	174,495	182,368	199,741
Salt	4.0 cents per ton	202,842	155,383	132,440
Dolomite	1.0 cents per ton	29,424	26,947	37,125
Total		$9,867,974	$9,440,011	$9,297,430

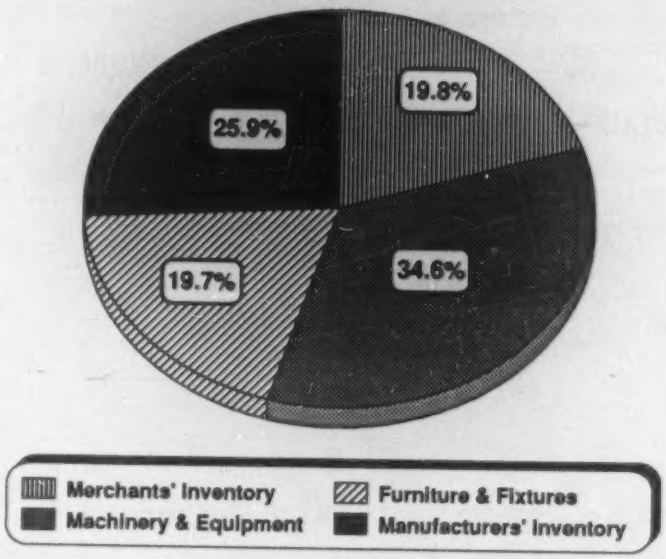
* Includes 2 cents in temporary levies (see Special Provisions).

TANGIBLE PERSONAL PROPERTY TAX

Taxes levied on tangible personal property totaled $964.9 million in calendar year 1987, on a taxable value of $16.9 billion. The $10,000 exemption reduced the statewide taxable value by $961.0 million and reduced statewide taxes levied by $60.0 million in 1987. However, the state reimbursed local governments for this revenue loss.

The assessment percentages applied to all types of tangible personal property (except electrical equipment) were reduced by one percentage point in 1987.

Tangible Personal Property Valuations, by Type of Property
Calendar Year 1987 Total Valuation -- $16.9 Billion



TAX BASE (R.C. 5701.03, 5701.08, 5709.01, 5711.03, 5711.15-5711.18, 5711.22):

Tangible personal property located and used in business in Ohio -- including machinery, equipment, and inventories.

Taxable value is determined by applying various assessment percentages to the true value of different classes of tangible personal property. These assessment percentages are shown below in Exhibit 4. The true value of depreciable assets (machinery and equipment, furniture and fixtures, etc.) is statutorily defined as depreciated book value unless the assessor determines otherwise. The true value of manufacturers' and merchants' inventories is determined by the average monthly value (basically cost of acquisition) of the inventories. Inventories of other taxpayers are listed at their value as of the tax listing date (generally December 31). The table below shows the assessment percentages applied to true value in 1987 and 1988. The percentages for all property (except for electrical equipment) will be reduced by one percentage point each year until the assessment level reaches 25% in 1993.

EXHIBIT 4

Class of Property	Percentage Applied to True Value to Determine Taxable Value	
	1987	1988
Manufacturing Machinery & Equipment	31%	30%
Manufacturers' Inventories	31%	30%
Merchants' Inventories	31%	30%
Electrical Equipment(1)	100%	100%
Furniture, Fixtures, and All Other Property	31%	30%

(1) Property used in generating or distributing electricity to others (except by utilities); the total value of this class is not significant.

RATES (R.C. 319.31, 5705.02, 5705.03, 5705.05, 5705.19):

Vary with taxing jurisdiction. Total tax rate includes all levies, enacted by legislative authority or approved by voters, for all taxing jurisdictions within which the property is located (e.g. county, township, municipal corporation, school district, etc.). The rates applied to tangible personal property are the same as those rates developed and applied to the previous year's listing of real estate and public utility property. However, gross taxes levied on real property are reduced when real property values increase, while taxes levied against tangible property are not reduced. The statewide average tax rate on tangible property in 1987 was 57.24 mills.

SPECIAL PROVISIONS (R.C. 321.24, 5709.61-5709.66, 5733.061-5733.063, 5747.051):

1. An annual credit against the corporate franchise or personal income tax liability of a firm is allowed for a portion of the tangible property taxed timely paid on machinery and equipment used in manufacturing or refining and acquired in 1978 or thereafter. This credit is equal to the difference between the tangible property taxes actually paid on such property and the tax that would have been due if the listing percentage for the property had been 20% (starting in 1989 this percentage will be increased by one percentage point per year until 1993 - an increase from 20% to 25%). For 1987, this credit was equal to about 35.5% of the taxes paid on qualified equipment.
2. Until 1992, certain local governments may abate up to 100% of the tangible property taxes for a period of up to 10 years for qualified businesses establishing, expanding, renovating or occupying a facility in a "Jobs and Enterprise Zone."
3. The local revenue loss caused by the "$10,000 exemption" (see "**Exemptions and Exceptions** Section) is reimbursed from state revenues.

EXEMPTIONS AND EXCEPTIONS:

1. The first $10,000 of otherwise taxable value for each company (R.C. 5709.01).
2. Property not used in business; i.e., property owned and not used for gain by any level of government, schools, churches, colleges, etc. (R.C. 5701.08, 5709.07, 5709.08, and 5709.12).
3. Registered motor vehicles and licensed aircraft (R.C. 5701.03 and 5709.01).
4. Personal property used in agriculture (R.C. 5701.08).
5. Patterns, jigs, dies, and drawings used in business which are held for use and not for sale (R.C. 5701.03).
6. Certified air, water, and noise pollution control equipment (R.C. 5709.25 and 6111.35).
7. Tangible personal property of domestic and foreign insurance companies, financial institutions, and dealers in intangibles (except property held, for the purpose of leasing to others) R.C. 5725.25 and 5725.26).
8. Machinery and equipment while under construction and not capable of operation (R.C. 5701.08).
9. Certified energy conversion facilities -- property used to convert a commercial or industrial facility from the use of natural gas or fuel oil to any other fuel except propane, butane, or naptha (R.C. 5709.50).
10. Certified thermal efficiency improvement facilities -- property used for recovery and use of waste heat, or steam produced in generating electricity, heat generation, lighting, refrigeration, or space heating (R.C. 5709.50).
11. Certified solid waste energy conversion facilities -- property used to convert solid waste from industrial operations into energy for some useful purpose (R.C. 5709.50).
12. Inventories held for use in a foreign trade zone (R.C. 5709.44).
13. Property in a public recreational facility used for athletic events if certain criteria are met (R.C. 5709.081).
14. Property shipped from outside Ohio and held in Ohio for storage only (R.C. 5701.08).
15. Leased property used by the lessee exclusively for agricultural purposes (R.C. 5701.08).
16. New and used machinery, equipment, and accessories designed and built for agricultural use while in the inventory of a merchant (R.C. 5701.08).
17. Property owned by a port authority and leased to a railroad is partially exempt for a period of 10 years (R.C. 5709.71).
18. Property used in the production of grape juice or wine and grape juice and wine inventory not held in labeled containers in which it will be sold (R.C. 5709.55).

FILING AND PAYMENT DATES (R.C. 319.29, 323.10, 323.17, 5711.01, 5711.04, 5711.25, 5719.02):

February 15th to April 30th -- Returns are filed by all businesses during this period unless a time extension of up to 45 days is allowed by the county auditor or Tax Commissioner. Taxpayers first engaging in business after January 1 file a return within 90 days of the day they start business. Single-county corporations, unincorporated businesses, and individuals pay one-half of tax due when filing tax return. Businesses whose only taxable property is exempt under the $10,000 exemption must still file returns and report the value of that property. The value of the "$10,000 exemption" is reduced by 50% for companies which do not file returns on time.

Second Monday in August -- Tax Commissioner certifies preliminary tangible personal property valuations of inter-county corporations to county auditors.

Third Monday in August -- County auditor certifies and delivers tangible personal property list to county treasurer.

September 20th -- Inter-county corporations pay total tax liability by this date. Second half of tax due from all other taxpayers. This due date may be extended for up to 30 days.

DISPOSITION OF REVENUE (R.C. 319.50, 319.54, 5705.10, 5719.02, 5719.05):

After local administrative deductions, revenue is distributed to counties, municipalities, townships, school districts, and special districts according to the taxable values and total voted millage levied by each, or as apportioned by the county budget commission (millage inside the 10-mill limit). In 1987, school districts received 70.4% of the total tax revenue, while municipalities received 8.2%, townships 3.1%, and counties and special districts 18.3%.

OHIO REVISED CODE CITATIONS:

Chapters 319, 323, 5701, 5705, 5709, 5711 and 5719.

ADMINISTRATION (R.C. 5711.11, 5711.13):

Each county auditor is a deputy of the Tax Commissioner for purposes of this tax. Taxpayers are required to file annual returns with either the Tax Commissioner or the county auditor. The following table indicates where the returns are filed and who is responsible for assessing the property.

Taxpayers	File With And Tax Assessed By
Inter-county taxpayers (businesses with taxable property in more than one Ohio county)	Tax Commissioner
Single-county taxpayers* (businesses with taxable property in only one Ohio county)	County Auditor

* Returns are filed in duplicate with one copy forwarded to the Tax Commissioner.

RECENT SIGNIFICANT COURT DECISIONS:

Chillicothe Cablevision v. Limbach (June 8, 1987), Ross County Court of Appeals Case No. 1341. The wires and cables in a television cable system which run from the public utility pole to the customer's house are personal property belonging to the cable television company.

Hall Chemical Company v. Limbach (September 9, 1987), BTA Case No. 84-C-153 through 158. Materials supplied by a foreign source which are in the possession of a taxpayer and which, by agreement between it and the supplier, remain the supplier's property until the taxpayer uses them in production, are taxable as inventory to the taxpayer.

CompuServe, Inc. v. Lindley (October 27, 1987), 10th App. Dist. Case No. 86-AP-376 & 377. "Application" software (as opposed to "systems" software) is intangible personal property.

Vogt and Conant Co. v. Limbach (January 8, 1988), BTA Case No. 85-B-198. Consolidated personal property tax returns are permitted for the 1983 tax year since the Ohio Administrative Code Section which purports to prohibit them contravenes the statute it administers.

RECENT SIGNIFICANT COURT DECISIONS: (cont'd)

Monsanto Co. v. Limbach (February 4, 1988), BTA Case No. 85-F-151. The cost of engineering drawings held for use are not included in the costs of improvements to machinery while engineering overhead expenses are includable in the valuation of machinery.

Reynolds and Reynolds Co. v. Limbach (March 25, 1988), BTA Case No. 85-C-219. Stationary and printed forms purchased from an out-of-state supplier but placed in storage at a taxpayer's Ohio place of business and used at the taxpayer's in-state and out-of-state locations are subject to taxation.

Robert G. Ebel dba Ebel's Marathon v. Limbach (June 3, 1988), BTA Case No. 87-F-186. Neither the inaction of a taxpayer's agent nor a prior delinquency constitute "reasonable cause" for purposes of mitigating a statutory penalty.

Cleveland Gear Co. v. Limbach (1988), 35 Ohio St. 3d 229. Whereas the constitutionality of a tax statute on its face may be raised initially at the Supreme Court, its constitutionality as applied to a particular set of facts must be raised at the Board of Tax Appeals, which must receive evidence bearing on the issue.

Table 72

ASSESSED VALUE OF TANGIBLE PERSONAL PROPERTY AND TAXES LEVIED, CALENDAR YEARS 1983-1987

Calendar Year	Value of Tangible Property	Taxes Levied	Annual Change Value	Annual Change Taxes	Average Tax Rate (In mills)
1983	$17,054,242,529	$885,008,265	-0.65%	+0.57%	51.89
1984	15,612,065,178*	831,600,228*	-8.46*	-6.03*	53.27
1985	16,083,694,773	868,212,896	+3.02	+4.40	53.98
1986	16,771,275,378	936,196,658	+4.28	+7.83	55.82
1987	16,857,675,404	964,873,173	+0.52	+3.06	57.24

* Both value and taxes levied declined substantially primarily as a result of the new $10,000 exemption granted each taxpayer.

Table 73

TAXES LEVIED ON TANGIBLE PERSONAL PROPERTY, BY SUBDIVISION, CALENDAR YEARS 1983-1987

Calendar Year	Taxes Levied Currently: City and Village	School District	Township	County*	Delinquent Taxes from Former Years	Total Taxes and Delinquencies
1983	$82,018,503	$622,717,660	$26,096,687	$154,175,415	$130,059,139	$1,015,067,404
1984	74,791,617	588,110,334	23,377,425	145,320,852	131,225,649	962,825,877
1985	76,439,601	609,005,685	26,308,139	156,459,471	145,469,750	1,013,682,646
1986	N/A	N/A	N/A	N/A	N/A	N/A
1987	79,127,004	679,421,562	29,516,257	176,811,349	208,648,777	1,173,524,949

* Includes Special Districts

Table 74

TAXES LEVIED ON TANGIBLE PERSONAL PROPERTY IN OHIO CITIES, BY SUBDIVISION, CALENDAR YEARS 1983-1987

Calendar Year	Taxes Levied Currently				Delinquent Taxes from Former Years	Total Taxes and Delinquencies
	City	School District	Township	County*		
1983	$74,386,979	$429,175,956	$1,927,237	$111,685,765	$ 90,425,168	$707,601,105
1984	67,932,293	413,715,809	1,813,002	105,373,569	88,938,544	677,773,217
1985	69,265,924	426,522,387	2,485,263	112,604,277	102,188,286	713,066,137
1986	N/A	N/A	N/A	N/A	N/A	N/A
1987	71,168,390	469,333,985	3,105,219	126,400,366	144,909,308	814,917,268

* Includes Special Districts

Table 75

ASSESSED VALUE OF TANGIBLE PERSONAL PROPERTY[(a)] OF INTER-COUNTY CORPORATIONS BY INDUSTRY CLASS AND CLASS OF PROPERTY, CALENDAR YEAR 1987[(b)]

	Manufacturing Machinery & Equipment[(c)]	Manufacturers' Inventories	Merchants' Inventories	Furniture, Fixtures & All Other Property	Total
Agriculture & Forestry	$ 1,901,499	$ 3,701,089	$ 7,504,725	$ 2,835,677	$ 15,942,990
Mining	155,059,585	13,627,879	19,191,202	32,152,524	220,031,190
Construction	20,641,034	5,129,713	10,539,915	25,420,928	61,731,590
Manufacturing	3,824,869,304	3,007,556,131	478,058,138	717,375,331	8,027,858,904
Transportation	55,963,906	4,137,757	14,508,804	89,169,393	163,779,860
Wholesale Trade	79,734,610	102,624,154	301,609,166	127,735,300	611,703,230
Retail Trade	22,814,480	28,393,684	789,221,994	358,646,627	1,199,076,785
Finance	97,553,627	31,144,939	53,566,298	239,411,926	421,676,790
Service	75,474,497	10,944,100	82,231,202	382,897,694	551,547,493
Unclassified[(d)]	110,437,359	53,169,127	83,091,201	146,686,402	393,384,089
Total	$4,444,449,901	$3,260,428,573	$1,839,522,645	$2,122,331,802	$11,666,732,921

(a) After the $10,000 exemption.

(b) Inter-county corporations are corporations with taxable property in more than one Ohio county.

(c) Also includes property used in mining, laundries, dry cleaning, towel and linen supply, stone and gravel plants, and radio and television broadcasting.

(d) Primarily property leased from financial institutions.

Table 76

ASSESSED VALUE OF TANGIBLE PERSONAL PROPERTY, BY CLASS OF PROPERTY, CALENDAR YEARS 1986-1987 (dollar amounts in millions)

Class of Property	Schedule	Assessment Levels (% of True Value) 1986	Assessment Levels (% of True Value) 1987	Assessed Taxable Value: Inter-county Corporations 1986	Assessed Taxable Value: Inter-county Corporations 1987	Assessed Taxable Value: All Business[a] 1986[b]	Assessed Taxable Value: All Business[a] 1987[b]
Manufacturing Machinery & Equipment	2	32%	31%	$ 4,290.0	$ 4,444.4	$ 5,628.3	$ 5,832.5
Manufacturers' Inventories	3	32%	31%	3,637.8	3,260.4	4,700.3	4,362.5
Merchants' Inventories	3A	32%	31%	1,854.8	1,839.5	3,301.2	3,339.7
Furniture, Fixtures & All Other Property	4	32%	31%	1,984.0	2,122.3	3,141.6	3,323.0
Total				$11,766.6	$11,666.6	$16,771.4	$16,857.7

(a) Includes single-county corporations and unincorporated businesses as well as inter-county corporations.
(b) Partially estimated.

Table 77

PERCENTAGES APPLIED TO TRUE VALUE OF TANGIBLE PERSONAL PROPERTY TO DETERMINE TAXABLE VALUE, TAX YEARS 1980 - 1989

Tax Year	Manufacturing Machinery & Equipment	Manufacturers' Inventories	Merchants' Inventories	Electrical Equipment[a]	All Other Property[b]
1980	42%	37%	37%	100%	42%
1981	40	35	35	100	40
1982	38	35	35	100	38
1983	36	35	35	100	36
1984	34	34	34	100	34
1985	33	33	33	100	33
1986	32	32	32	100	32
1987	31	31	31	100	31
1988	30	30	30	100	30
1989	29	29	29	100	29

(a) Property used in generating or distributing electricity to others (except utilities).
(b) Includes furniture and fixtures.

Table 78

ASSESSED VALUE OF TANGIBLE PERSONAL PROPERTY, TAXES LEVIED AND AVERAGE COUNTY RATES ON TANGIBLE PROPERTY, CALENDAR YEAR 1987, BY COUNTY

County	Value of Tangible Property	Current Taxes Levied (a)	Average County Rate (in mills)	County	Value of Tangible Property	Current Taxes Levied (a)	Average County Rate (in mills)
Adams	$ 16,648,155	$ 509,240	30.59	Logan	$ 49,413,203	$ 2,400,905	48.59
Allen	358,373,019	13,744,749	38.35	Lorain	371,195,428	22,068,490	59.45
Ashland	59,266,893	3,056,062	51.56	Lucas	790,564,472	51,676,754	65.37
Astabula	137,736,323	7,485,468	54.35	Madison	16,084,787	775,421	48.21
Athens	18,735,173	1,166,634	62.27	Mahoning	234,106,617	13,894,329	59.35
Auglaize	75,623,764	3,173,258	41.96	Marion	92,001,884	4,615,506	50.17
Belmont	63,789,127	3,115,740	48.84	Medina	115,734,817	7,449,500	64.37
Brown	14,717,870	667,659	45.36	Meigs	34,488,676	1,353,317	39.24
Butler	428,401,733	20,504,264	47.86	Mercer	46,434,021	1,963,459	42.28
Carroll	22,292,813	1,034,669	46.41	Miami	163,709,896	8,941,932	54.62
Champaign	37,528,881	1,768,045	47.64	Monroe	104,503,290	4,565,792	43.69
Clark	140,950,759	7,141,781	50.67	Montgomery	966,969,021	60,737,544	62.81
Clermont	140,847,474	7,604,444	53.99	Morgan	18,506,351	684,171	36.97
Clinton	40,658,750	1,932,908	47.54	Morrow	17,316,077	879,701	50.80
Columbiana	81,976,777	4,256,000	51.92	Muskingum	88,911,871	4,775,656	53.71
Coshocton	72,764,292	2,985,660	41.03	Noble	24,887,453	1,065,843	42.83
Crawford	88,733,892	4,666,701	52.59	Ottawa	139,401,140	6,271,563	44.99
Cuyahoga	2,461,686,202	178,561,467	72.54	Paulding	16,600,525	914,491	55.09
Darke	58,188,050	2,437,039	41.88	Perry	18,891,443	977,585	51.75
Defiance	63,759,521	2,859,288	44.84	Pickaway	89,492,181	3,688,649	41.22
Delaware	88,948,774	4,159,692	46.77	Pike	9,679,819	536,072	55.38
Erie	143,906,960	8,304,124	57.70	Portage	144,877,094	9,737,649	67.21
Fairfield	91,590,402	5,316,268	58.04	Preble	27,225,315	1,262,477	46.37
Fayette	22,551,420	955,112	42.35	Putnam	28,756,684	1,139,301	39.62
Franklin	1,480,728,119	86,366,094	58.33	Richland	248,057,515	13,419,910	54.10
Fulton	51,700,381	2,727,330	52.75	Ross	134,831,178	7,029,319	52.13
Gallia	22,817,635	790,353	34.64	Sandusky	127,022,534	5,759,840	45.35
Geauga	70,831,940	4,888,360	69.01	Scioto	77,854,192	3,438,490	44.17
Greene	81,078,451	5,037,883	62.14	Seneca	107,530,361	4,741,567	44.10
Guernsey	46,986,749	2,534,867	53.95	Shelby	127,716,640	5,292,599	41.44
Hamilton	1,791,643,907	104,534,210	58.35	Stark	651,967,963	32,772,223	50.27
Hancock	158,945,801	7,231,710	45.50	Summit	734,648,307	46,428,163	63.20
Hardin	31,664,217	1,417,100	44.75	Trumbull	415,381,142	21,694,090	52.23
Harrison	28,774,410	1,279,963	44.48	Tuscarawas	140,262,447	6,444,312	45.94
Henry	49,407,628	2,232,754	45.19	Union	156,075,090	6,267,437	40.16
Highland	26,772,019	1,104,523	41.26	Van Wert	49,156,611	2,295,917	46.71
Hocking	20,526,155	967,878	47.15	Vinton	17,607,193	615,186	34.94
Holmes	32,494,270	1,438,064	44.26	Warren	99,183,253	5,572,980	56.19
Huron	82,496,620	4,416,074	53.53	Washington	160,199,457	6,245,473	38.99
Jackson	38,959,637	1,474,736	37.85	Wayne	161,990,960	8,199,626	50.62
Jefferson	124,404,500	5,575,397	44.82	Williams	72,644,439	3,936,403	54.19
Knox	69,074,202	3,634,599	52.62	Wood	188,987,499	9,884,740	52.30
Lake	362,492,524	25,292,902	69.77	Wyandot	30,150,176	1,420,415	47.11
Lawrence	50,535,160	1,964,813	33.88				
Licking	194,645,031	8,705,493	44.72	Total	$16,857,675,404	$964,876,173	57.24

(a) All levies for current expense and debt for all local governments.

Source: Abstracts filed by County Auditors with the Ohio Department of Taxation.

Table 79

REDUCTION IN VALUE AND AMOUNT REIMBURSED FOR $10,000 EXEMPTION, BY COUNTY, CALENDAR YEAR 1987

County	Reduction of Taxable Value	Amount Reimbursed by State	County	Reduction of Taxable Value	Amount Reimbursed by State
Adams	$1,367,520	$ 46,536	Logan	$ 4,149,239	$ 204,969
Allen	11,538,388	471,236	Lorain	19,345,422	1,176,700
Ashland	4,789,584	252,082	Lucas	41,569,911	2,927,619
Astabula	9,073,141	530,360	Madison	2,324,031	113,352
Athens	4,208,360	273,977	Mahoning	23,272,028	1,381,994
Auglaize	4,902,092	216,013	Marion	4,837,360	255,855
Belmont	5,814,347	306,097	Medina	11,040,613	755,044
Brown	2,130,350	95,397	Meigs	1,605,895	67,909
Butler	19,251,310	995,101	Mercer	5,023,271	218,540
Carroll	2,429,130	114,207	Miami	9,212,541	498,713
Champaign	2,398,841	122,465	Monroe	1,422,440	64,262
Clark	10,124,179	549,321	Montgomery	50,273,403	3,310,009
Clermont	9,102,656	583,361	Morgan	958,699	36,597
Clinton	2,845,170	135,504	Morrow	1,609,478	83,932
Columbiana	9,431,874	540,827	Muskingum	8,132,975	459,649
Coshocton	3,357,525	158,198	Noble	998,424	45,269
Crawford	4,877,121	280,698	Ottawa	5,181,805	326,397
Cuyahoga	138,631,421	11,631,339	Paulding	1,690,458	102,073
Darke	5,635,990	141,696	Perry	1,983,383	103,769
Defiance	3,938,112	180,110	Pickaway	2,700,420	122,027
Delaware	4,700,379	238,982	Pike	1,254,418	68,450
Erie	8,206,669	497,958	Portage	10,208,560	738,034
Fairfield	6,926,460	428,479	Preble	2,279,870	145,541
Fayette	2,045,790	90,027	Putnam	3,404,945	149,520
Franklin	83,776,401	5,365,680	Richland	11,999,853	693,546
Fulton	1,815,438	262,815	Ross	4,691,460	250,652
Gallia	2,280,377	88,968	Sandusky	6,006,329	278,817
Geauga	8,687,730	621,121	Scioto	5,860,761	287,058
Greene	8,529,538	550,177	Seneca	5,422,092	249,622
Guernsey	3,499,520	188,101	Shelby	4,442,391	195,316
Hamilton	86,682,585	5,352,280	Stark	34,528,805	1,832,991
Hancock	7,385,899	340,451	Summit	46,503,755	3,078,122
Hardin	2,565,347	127,966	Trumbull	18,033,542	1,024,714
Harrison	1,182,115	55,375	Tuscarawas	10,007,333	461,817
Henry	2,438,163	150,066	Union	2,488,544	121,946
Highland	2,823,206	125,498	Van Wert	3,332,479	157,937
Hocking	1,928,675	93,002	Vinton	920,800	34,036
Holmes	4,653,600	208,815	Warren	7,593,788	453,518
Huron	6,173,498	328,125	Washington	7,366,380	305,464
Jackson	2,676,192	101,493	Wayne	10,980,833	576,681
Jefferson	6,003,720	290,057	Williams	4,180,820	241,333
Knox	4,377,262	237,273	Wood	9,230,007	519,782
Lake	22,018,363	1,656,541	Wyandot	2,706,227	130,676
Lawrence	2,570,520	106,600			
Licking	10,468,513	486,671	Total	$961,038,859	$59,967,303

Source: Abstracts filed with the Department of Taxation by County Auditors and records of the department.

S6390-1-U

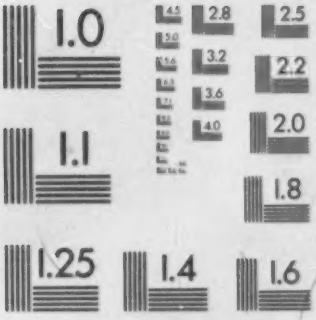
ERRATA

The column in Table 58 (page 77) listed as 1987 taxes levied are 1988 numbers. The following are the taxes levied for 1987:

Electric	$335,284,975
Natural Gas	106,543,428
Telephone	138,006,423
Railroad	6,031,097
Rural Electric	12,428,211
Freight Line and Equipment	3,147,228
Water Works	1,891,968
Pipeline	695,477
Telegraph	51,641
Water Transportation	156,934
Toll Bridges	21,755
Heating	117,855
Total	$604,376,992

MICROCOPY RESOLUTION TEST CHART

(ANSI and ISO TEST CHART No. 2)



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1989
ANNUAL REPORT

STATE OF OHIO
DEPARTMENT OF TAXATION

RICHARD F. CELESTE, GOVERNOR
JOANNE LIMBACH, TAX COMMISSIONER

ANNUAL REPORT

of the

STATE OF OHIO
DEPARTMENT OF TAXATION

for the

Fiscal Year Ending June 30, 1989

Prepared by the
Tax Analysis and Local Government Distributions Division
Ohio Department of Taxation

STATE OF OHIO
DEPARTMENT OF TAXATION
STATE OFFICE TOWER
P.O. BOX 530
COLUMBUS, OHIO 43266-0030
May 1, 1990

Honorable Richard F. Celeste
Governor of Ohio
And Members of the
Ohio General Assembly

In compliance with Section 5703.42 of the Ohio Revised Code, it is my privilege to submit the 1989 Annual Report of the Ohio Department of Taxation.

This report contains descriptions and data for each of the state and local taxes administered by the department and for the Energy Credit Program which the Department administers. In addition, sections have been included on the local government fund and library and local government support fund. The text of the report pertains to laws in effect during fiscal year 1989 (July 1, 1988 through June 30, 1989) so that data and descriptions in the various sections are generally comparable. The sections summarizing recent legislation include bills enacted or effective during the fiscal year. We have also included a section that discusses the responsibilities and organization of the Department during fiscal year 1989.

I trust that the contents of this report will be of value and interest to the people of Ohio.

Respectfully submitted,

Joanne Limbach

Joanne Limbach
Tax Commissioner

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OHIO DEPARTMENT OF TAXATION
Administrative Personnel
(As of May 1, 1990)

Joanne Limbach
Tax Commissioner

Assistant Tax Commissioner
Richard A. Levin

Deputy Tax Commissioner - Administration
Michele E. Delaney

Deputy Tax Commissioner - Legal
William P. Driscoll

Executive Assistant
Carol S. Bessey

Administrative Assistant
Deborah Matthews

Administration

Administrative Counsel ..... Arthur M. Suchta
Budget and Fiscal Affairs ..... Rodger L. Whaley
District Administrator ..... Fred H. Ahlborn
Employee Development and Training ..... Arthur L. Flesch
Human Resources ..... Francie Thompson Estrada
Inspection ..... Robert L. Hammond
Internal Audit ..... Dennis J. Corrigan
Labor-Management Initiatives ..... Ann R. Lavelle
Legal ..... William P. Driscoll
Reproduction & Supply ..... Vacant
Security ..... Martin A. Winters
Tax Analysis and Local Government Distributions ..... Ronald A. Mucha
Tax Policy and Communication ..... Patricia Rupich

Sales and Use Tax Division

Jurisdiction: Sales and Use Taxes

Administrator ..... Bernard E. Johnson
Assistant--Operations ..... William D. Marshall
Administrative Counsel ..... John M. Schmarr
Administrative Counsel ..... Robert A. Sicuro
Supervisors: Audit Review ..... George Marcinko
Central Audit ..... David W. Boeder
Compliance and Processing ..... Michael C. Weichmann

Excise, Motor Fuel and Highway Use Tax Division

Jurisdiction: Highway Use, Motor Fuel, Severance, Cigarette, and Alcoholic Beverages Taxes

Administrator ..... Richard O. Beckner
Assistant--Excise Tax ..... Cathy Farley
Assistant--Highway Use Tax ..... Edward D. Finnerty
Assistant--Motor Fuel Tax ..... James E. Jarzabek

Estate Tax Division

Jurisdiction: Estate Tax

Administrator.....Virginia Macali
Administrative Assistant - Operations.....Joe Veffer

Property Tax Division

Jurisdiction: Personal Property and Public Utility Taxes

Administrator.....James J. Baumann
Administrative Counsel.....Donald S. Swepston
Assistant-Operations.....Jack W. Cook
Assistant-Technical.....Robert H. Dudgeon
Assistant-Public Utility.....Louis J. Spisak

Income & Corporate Franchise Tax Audit Division

Jurisdiction: Individual Income Tax (School District and State), and Corporate Franchise Tax

Administrator.....J. Patrick McAndrew
Legal Counsel.....Jeffrey P. Sherman
Section Chiefs: Assessments.....Bonnie Reed
Audit Review.....Charles E. Ortlieb
Corporate Franchise Tax -- Audit.....Ronald Pottorf
Individual Income Tax -- Audit.....Rodgers L. Way, Jr.
Taxpayer Services.....Joy E. Clark

Income Tax Service Center Division

Jurisdiction: Individual Income Tax (School District and State), Corporate Franchise Tax and Energy Credit Program

Administrator.....James J. Kamerick
Assistant-Operations.....Wiley E. Bates
Assistant-Operations.....Rick Burgess
Supervisors: Accounting and Cashiers.....Dave L. Conkling
Energy Credit Program.....Vacant

Tax Equalization Division

Jurisdiction: Real Property Tax

Administrator.....Ronald Hohman
Assistant Administrator.....David C. Stone
Assistant Administrator.....James J. Lawrence
Legal Counsel.....Edward C. Samsel

Computer Resources Division

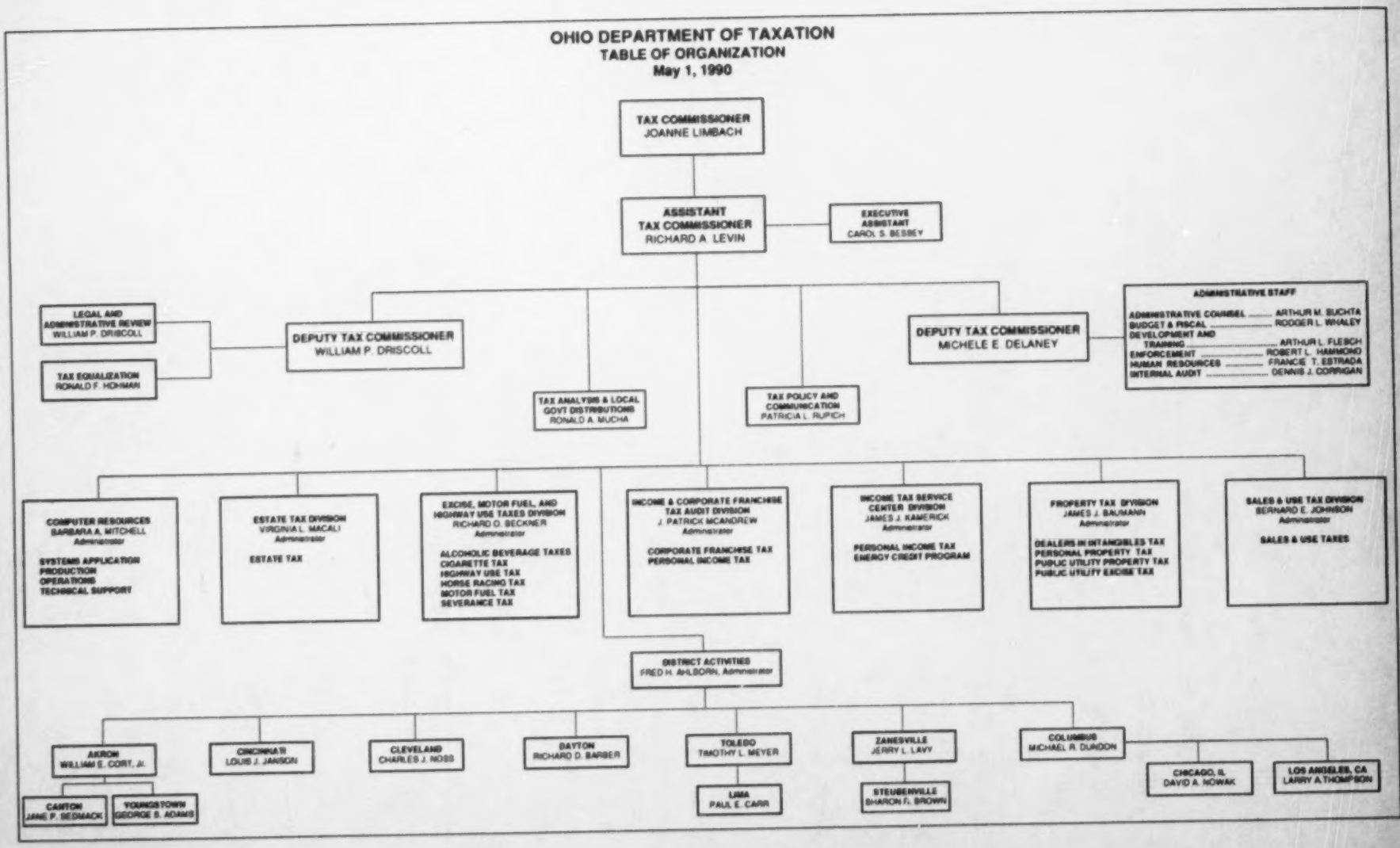
Administrator.....Barbara A. Mitchell
Technical Support.....Gil Ashbridge
Application - Development.....Gene Hull
Computer Support.....Jack Stover
Operations.....Mary Beck

INCUMBENTS IN THE OFFICE OF TAX COMMMISSIONER, AND GOVERNORS SERVED, 1939 - PRESENT

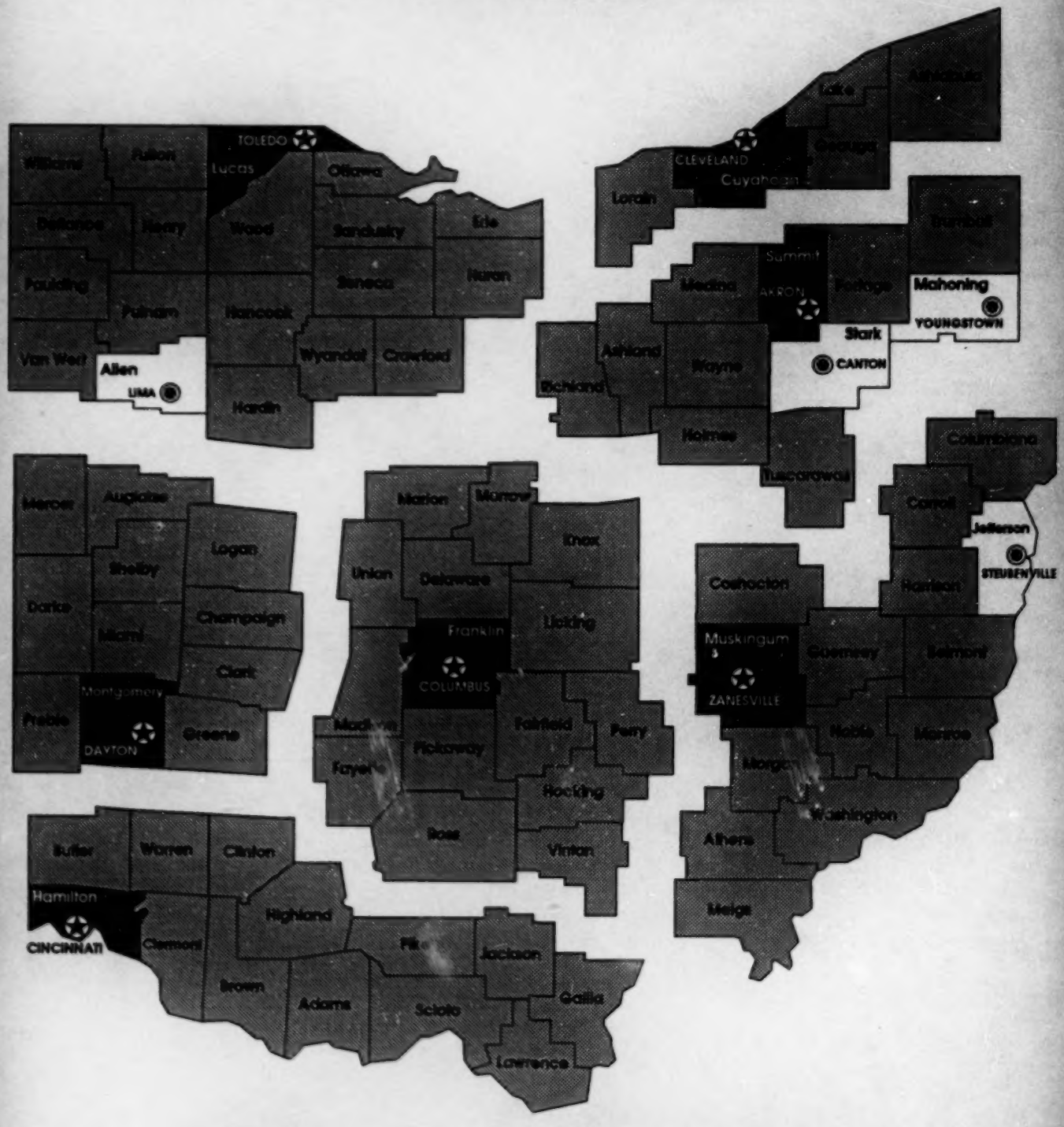
Tax Commissioner	Term			Served Under Governor	Term		
William S. Evatt	6/06/39	-	12/31/44	John W. Bricker	1/09/39	-	1/08/45
C. Emory Glander	1/01/45	-	1/31/51	Frank J. Lausche	1/08/45	-	1/13/47
"	"		"	Thomas J. Herbert	1/13/47	-	1/10/49
"	"		"	Frank J. Lausche	1/10/49	-	1/03/57
John W. Peck	2/01/51	-	1/31/54	"	"		"
Stanley J. Bowers	2/01/54	-	4/14/63	"	"		"
"	"		"	John W. Brown	1/03/57	-	1/14/57
"	"		"	C. William O'Neill	1/14/57	-	1/12/59
"	"		"	Michael V. DiSalle	1/12/59	-	1/14/63
Louis J. Schneider	4/15/63	-	12/29/64	James A. Rhodes	1/14/63	-	1/11/71
Gerald A. Donahue	1/04/65	-	3/13/66	"	"		"
Gail W. Porterfield	3/13/66	-	1/10/71	"	"		"
Robert J. Kosydar	1/11/71	-	1/13/75	John J. Gilligan	1/11/71	-	1/13/75
Gerald S. Collins	1/13/75	-	8/28/75	James A. Rhodes	1/13/75	-	1/10/83
Edgar L. Lindley	9/11/75	-	1/10/83	"	"		"
Joanne Limbach	1/10/83	-	Present	Richard F. Celeste	1/10/83	-	Present

NOTE: Tax Commissioner serves at pleasure of Governor (before September, 1963 served a four-year term).

OHIO DEPARTMENT OF TAXATION
TABLE OF ORGANIZATION
May 1, 1990



Ohio Department of Taxation
District and Subdistrict Field Office Boundaries
November 1, 1989



RESPONSIBILITIES AND ORGANIZATION OF THE OHIO DEPARTMENT OF TAXATION

The Ohio Revised Code (Section 5703.05) states that, "all powers, duties, and functions of the department of taxation are vested in and shall be performed by the tax commissioner..." The Tax Commissioner is appointed by the Governor, subject to confirmation by the Ohio Senate, and serves at the pleasure of the Governor. The Tax Commissioner is responsible for the administration of most state-collected taxes and several locally-collected taxes and the supervision of the real property tax. In addition, the Tax Commissioner administers the energy credits program which reduces the winter heating bills of qualified individuals and also has responsibility for several programs distributing revenues to local governments, including: (1) motor fuel tax distributions; (2) local property tax relief reimbursements; and (3) distributions to counties for the library and local government support fund, the local government fund, and the local government revenue assistance fund.

The Commissioner is empowered to make "all tax assessments, valuations, findings, determinations, computations, and orders" which the Department is by law authorized and required to make, and to review, redetermine, or correct previous assessments, valuations, or findings. The Commissioner also is charged with promulgating rules and regulations and preparing and distributing tax returns and other reporting forms. The Commissioner is responsible for auditing returns, levying assessments and penalties, granting or denying tax refunds, and may issue, revoke, or suspend certain licenses and permits. In two instances, the personal income tax and the horse racing tax, the Commissioner is assigned the actual collection of taxes with the other administrative duties. The Tax Commissioner is also required to maintain a continuous study of the practical operation of the taxation and revenue laws of the state, the probable revenue effect of possible changes in existing laws, and the possible enactment of measures providing for other forms of taxation.

To efficiently perform these numerous functions, the Tax Commissioner is authorized by law to create the divisions and sections of employees which are deemed proper. The organization chart on page vii indicates this division structure as of May 1, 1990. In addition to an Assistant Tax Commissioner and two Deputy Tax Commissioners, the Tax Commissioner has created nine operating divisions responsible for specific taxes or functions of taxes (Sales and Use, Property, Public Utility, Income and Corporate Auditing, Income Tax Services, Excise, Tax Equalization, Estate, and Computer Resources), seven administrative staff sections (Administrative Counsel, Budget and Fiscal, Human Resources, Reproduction and Supply, Inspection, Internal Audit, and Security), a Legal Section, a Tax Analysis and Local Government Distributions Section, and a Tax Policy and Communications Section. There are 11 district and subdistrict offices located in major cities throughout Ohio, regional offices in Chicago and Los Angeles, and a District Administrator in the central office in Columbus. A map indicating the locations of the district offices and the counties which they serve is shown on page viii.

At the close of fiscal year 1989, there were 1,568 permanent employees in the central office and 11 district and subdistrict offices. Expenditures of $67.9 million were made during the fiscal year to fulfill the various functions and responsibilities of the Department. Further detail for numbers of employees and expenditures is shown in Tables 1 and 2.

Table 3 shows data from applications for tax exemptions for pollution control and energy conversion facilities. Qualified facilities include: (1) air and noise pollution control facilities; (2) energy conversion facilities; (3) thermal efficiency improvement facilities; and (4) solid waste energy conversion facilities. A certificate must be issued for these facilities in order to qualify for a general tax exemption. The certification procedures for all of these facilities are administered by the Tax Commissioner. There is a similar program for water pollution control facilities, but that program is administered by the Ohio Environmental Protection Agency.

Applications for certificates are filed by businesses with the Department of Taxation. If the Tax Commissioner, after obtaining the opinion of the Director of Environmental Protection or Director of the Department of Development, finds that the facility meets the statutory requirements, a certificate is issued for the facility. If the facility does not meet the qualifications, the certificate is not granted.

Table 1

OHIO DEPARTMENT OF TAXATION STAFF STRUCTURE AND NUMBER OF EMPLOYEES, FISCAL YEAR 1989

Unit of Organization	Number of Employees June 30, 1989		Unit of Organization	Number of Employees June 30, 1989	
Administrative Division			District Offices		
Tax Commissioner	9		Administration	5	
Legal	30		Akron	57	
Budget & Fiscal	4		Chicago	12	
Human Resources	13		Cincinnati	72	
Tax Analysis & Local Gov't. Dist.	11		Cleveland	76	
Reproduction & Supply	9		Columbus	55	
Tax Policy and Communications	6		Dayton	50	
Administrative Counsel	6		Lima	27	
Internal Audit	1		Toledo	47	
Division Total		89	Youngstown	36	
			Zanesville	24	
Computer Resources Division			Districts Total		461
Administration	8				
Application-Development	38		Income & Corporate Tax Audit Division		
Operations-Production	41		Administration	4	
Technical Support	5		Corporate Auditing	37	
Task Force	7		Personal Auditing	48	
Division Total		99	Audit Review	8	
			Assessment	45	
Property Tax Division			Taxpayer Services	45	
Administration	7		Division Total		187
Information Processing	12				
Inter-County Central Audit	31		Income Tax Service Center Division		
District Support	10		Administration	3	
Citation	18		Income Tax Processing	67	
Division Total		78	Accounting & Cashier	18	
			Security	18	
Sales and Use Tax Division			Data Entry	173	
Administration	5		File & Mail Unit	38	
Audit Review	6		Energy Credits	11	
Audit Entry	6		Division Total		328
Sales Tax	97				
Central Audit	37		Estate Tax Division		25
Tax Hearing Board	5				
Division Total		156	Public Utilities Division		8
Excise Tax Division			Tax Equalization Division		38
Administration	2				
Highway Use	46		**Total Permanent Employees**		1,568
Motor Fuel	28				
Excise Tax	8		**Temporary Employees in Pay Status**		67
Cigarette Law Enforcement	15				
Division Total		99	**Total Employees (Permanent & Temporary)**		1,635

Table 2

EXPENDITURES OF THE DEPARTMENT OF TAXATION, FISCAL YEAR 1989

Unit of Organization	Personal Service	Maintenance and Equipment	Total
Administrative Division	$ 3,680,988	$ 2,452,234	$ 6,133,222
Computer Resources Division	4,732,699	2,145,705	6,878,404
Property Tax Division	3,155,133	306,529	3,461,662
Sales & Use Tax Division	11,568,821	1,526,539	13,095,360
District Offices	12,094,676	1,685,911	13,780,587
Income Tax Service Division	8,298,979	5,015,196	13,314,175
Income/Corporate Audit Division	3,269,842	324,525	3,594,367
Estate Tax Division	1,051,711	229,897	1,281,608
Tax Equalization Division	1,577,566	260,549	1,838,115
Public Utilities Division	525,855	15,257	541,112
Excise Tax Division	2,629,280	1,364,125	3,993,405
Total	$52,585,550	$15,326,467	$67,912,017

Sometimes only a portion of a facility qualifies and a certificate is issued for only that portion of the facility. Table 3 summarizes the activities of the Department regarding the certificate program for fiscal year 1989. The table shows the number of applications acted upon during the fiscal year and gives a breakdown of the applications based on the type of facility. As long as the certificates are in force, the value of the certified facility is exempt from real and personal property taxes and is excluded from computation of the corporate franchise tax. In addition, material used to construct a certified facility is exempt from all sales and use taxes.

Table 4 shows the total audit production for the Sales, Income, Property, Public Utility, and Estate Tax Divisions. Note that these figures generally exceed those shown in the assessments tables (tables 5 through 7), primarily because the production totals include revenue from corrected returns and other activities which are not included in the actual assessments. Total audit production in fiscal year 1989 for the five major divisions of the Department increased by about 13.0% over fiscal year 1988.

Tables 5 through 7 indicate amounts for assessments made by the Property, Sales, Excise, and Income Tax Divisions of the Department. Personal property tax assessments shown in Table 5 for tangible and intangible taxes totaled $76.4 million for calendar year 1988. Table 6 indicates that sales and excise tax assessments were $324.6 million in fiscal year 1989, with $316.3 million of that amount from the sales and use tax alone.

Table 7 shows assessments levied by the Income Tax Division for both the corporate franchise and personal income taxes. Corporate franchise assessments are levied against corporations that: (1) do not file the required annual return; (2) file an incorrect return; or (3) fail to remit the full amount of the tax due. In fiscal year 1989, 10,063 corporate franchise assessments were levied amounting to $103.9 million in additional taxes, penalties, and interest due from corporations. These assessments must be paid within thirty days after the corporation receives the assessment notice. The assessments may be appealed by the taxpayers.

Personal income tax assessments are levied against individuals who either fail to file a tax return during the required time period or fail to pay the full amount of the tax legally due. Personal income tax assessments were levied against 68,679 taxpayers in fiscal year 1989 and amounted to about $65.8 million in additional taxes, penalties, and interest due from individual taxpayers. These assessments become due and payable within thirty days after they are received by the taxpayer. A taxpayer may appeal the assessment within thirty days after its receipt.

If an assessment (either corporate franchise or personal income tax) is appealed, the assessed amount must still be paid within thirty days of its receipt. The only exception to this is on an assessment resulting from an audit of a timely filed return. When such an audit finds a liability greater than that shown on the original return, that portion of the assessment which represents the additional liability does not have to be paid during the appeal process if the appeal is based upon a differing interpretation of the Ohio Revised Code.

Table 3

NUMBER OF POLLUTION CONTROL, CONVERSION FACILITY, AND THERMAL EFFICIENCY IMPROVEMENT FACILITY FINAL CERTIFICATES ISSUED AND VALUE OF EXEMPTIONS GRANTED, FISCAL YEAR 1989

Type of Facility	Number of Certificates Issued	Value of Exemptions
Air Pollution	112	$1,197,488,628
Noise Pollution	2	1,102,494
Energy Conversion	2	113,677
Solid Waste Conversion	5	3,814,373
Thermal Efficiency Improvement	8	2,031,597
Total	129	$1,204,550,769

Table 4

TOTAL AUDIT PRODUCTION FOR SALES, INCOME, PROPERTY, ESTATE, AND PUBLIC UTILITY TAX DIVISIONS, FISCAL YEARS 1985-1989

	Audit Production				
Division	FY 1985	FY 1986	FY 1987	FY 1988	FY 1989
Sales and Excise Taxes	$203,298,252	$215,368,626	$227,532,160	$262,329,035	$295,144,520
Income & Corporate Franchise Taxes	171,260,329	195,200,227	241,028,223	227,133,052	270,230,119
Property Tax	72,966,152	65,077,331	64,955,822	76,377,778	83,225,779
Estate Tax	3,228,730	4,977,193	2,459,730	2,873,853	2,905,670
Public Utility Tax	1,839,439	4,076,142	1,782,413	10,485,691	2,891,847
Total	$452,592,902	$484,699,519	$537,758,348	$579,199,409	$654,397,935

Table 5

PERSONAL PROPERTY TAX ASSESSMENTS, CALENDAR YEARS 1987 AND 1988

	Amount of Assessments			
Tax	Calendar Year 1987		Calendar Year 1988	
Tangible and Intangible Personal Property:				
Single-county Corporations, Individuals, and Unincorporated Businesses	$30,983,521		$39,762,905	
Inter-county Corporations	34,000,329		34,840,156	
Total Personal Property		$64,983,850		$74,603,061
Financial Institutions (Intangibles only)		1,071,527		1,754,805
Total		$66,055,377		$76,357,866

Table 6

SALES AND EXCISE TAX ASSESSMENTS LEVIED AND UNPAID ASSESSMENTS CERTIFIED FOR PAYMENT, FISCAL YEARS 1988 AND 1989

	Assessments Levied*				Unpaid Assessments Certified for Collection**	
	Fiscal Year 1988		Fiscal Year 1989			
Tax	Amount	Number	Amount	Number	Fiscal Year 1988	Fiscal Year 1989
Sales and Use	$243,798,842	46,623	$316,300,064	49,721	$127,364,663	$143,527,628
Motor Vehicle Fuel	82,069	100	2,879,510	118	58,192	627,345
Highway Use	3,646,224	901	4,676,413	701	2,552,610	1,062,699
Cigarette	47,022	29	252,793	40	15,108	1,567
Beer and Wine	357,957	21	43,531	23	20,066	13,394
Severance	889,926	105	374,282	79	613,491	450,783
Horse Racing	21,601	3	25,465	3	0	0
Total	$248,843,641	47,782	$324,552,058	50,685	$130,624,130	$145,683,416

* Represents only assessments levied and not assessments collected.
** Data do not relate to current assessments shown in "Assessments Levied" column. It represents those assessments certified for collection after taxpayers have exhausted all avenues of appeal. Total number of such assessments were 35,936 in fiscal year 1988 and 32,304 in fiscal year 1989.

Table 7

PERSONAL INCOME TAX AND CORPORATE FRANCHISE TAX ASSESSMENTS LEVIED, FISCAL YEARS 1986-1989

	Assessments Levied							
	Fiscal Year 1986		Fiscal Year 1987		Fiscal Year 1988		Fiscal Year 1989	
Tax	Amount	Number	Amount	Number	Amount	Number	Amount	Number
Corporate Franchise	$84,313,639	5,855	$82,842,430	7,601	$133,380,783	8,741	$103,873,539	10,063
Personal Income	60,464,473	94,672	31,740,597	49,147	49,607,810	49,838	65,848,926	68,679
Total	$144,778,112	100,527	$114,583,027	56,748	$182,988,593	58,579	$169,722,465	78,742

REVENUE FROM TAXES ADMINISTERED BY THE TAX COMMISSIONER

The Tax Commissioner is responsible for administering state and local taxes which yielded about $12.3 billion in net collections for fiscal year 1989. The state's 1989 fiscal year was the period from July 1, 1988 through June 30, 1989. A breakdown of the collections from these taxes is shown in Table 8 for both state-collected and locally-collected taxes. It should be noted, however, that taxes imposed by one level of government may be collected by another, and that taxes collected by one level of government may be shared with another. Therefore, the tax collection figures attributed to state or local governments in the table do not necessarily indicate amounts available for expenditure by the two governmental levels.

Figures for both gross and net tax collections from state-collected taxes are shown in Table 8. Gross collections are equal to total taxes collected, including taxes which were later refunded. Net tax collections are equal to gross collections less all refunds. The source for the state-collected taxes is the Office of Budget and Management for both gross and net collections. These figures will differ from data shown elsewhere in this report which generally represent taxes administered as shown on returns filed during the fiscal year rather than actual collections during the fiscal year.

The state-collected taxes administered by the Tax Commissioner yielded net tax collections of $10,505.0 million during the fiscal year. This was an increase of 8.6% over the previous year. Collections from locally-collected taxes were $1,835.5 million in calendar year 1988, which was an increase of 6.6% from 1987.

As the table shows, the largest single revenue source was the personal income tax with net collections of $3,806.7 million. The sales tax was the second largest revenue source with net collections of $3,414.1 million. Income tax revenue increased 13.2% while sales tax collections increased 6.4%.

Table 8

COLLECTIONS FOR TAXES ADMINISTERED BY OHIO TAX COMMISSIONER[a]

State-Collected Taxes, Fiscal Years 1988 and 1989

Tax	Gross Tax Collections 1988	Gross Tax Collections 1989	Net Tax Collections[b] 1988	Net Tax Collections[b] 1989	Percent Change
State Sales and Use	$3,235,786,187	$3,434,175,553	$3,209,870,309	$3,414,139,875	+ 6.36%
Local Sales and Use	494,921,696	564,134,906	494,921,696	564,134,906	+13.98
State Personal Income	3,783,325,614	4,226,936,332	3,362,861,321	3,806,651,987	+13.20
Corporation Franchise	938,484,866	1,025,962,793	850,128,862	945,029,238	+11.16
Motor Vehicle Fuel	835,772,879	842,734,413	811,360,940	812,682,282	+ 0.16
Public Utility Excise	590,705,860	603,973,912	568,603,919	588,377,353	+ 3.48
Cigarette Excise	231,602,464	225,446,634	229,120,442	223,336,171	- 2.52
Intangible Personal Property (State-Collected)[c]	13,952,888	13,783,733	13,562,201	13,402,605	- 1.18
Highway Use	65,003,872	71,165,705	64,780,387	70,898,332	+ 9.44
Alcoholic Beverage Excise	44,384,981	43,710,956	44,140,462	43,546,394	- 1.35
Horse Racing	13,360,633	12,825,164	13,360,633	12,825,164	- 4.01
Severance	9,370,667	8,801,003	9,344,028	8,799,275	- 5.83
School District Income	1,212,495	1,244,626	1,152,242	1,187,562	+ 3.07
Total State-Collected Taxes	$10,257,885,101	$11,074,895,730	$9,673,207,442	$10,505,011,145	+ 8.60%

Locally-Collected Taxes, Calendar Years 1987 and 1988

	Tax Collections 1987	Tax Collections 1988	Percent Change
Tangible Personal Property Taxes	$ 964,876,173	$1,005,234,164	+ 4.18%
Public Utility Property Taxes[d]	613,403,251	669,689,026	+ 9.18
Estate Tax[e]	143,270,238	160,556,075	+12.07
Total Locally-Collected Taxes	$1,721,549,662	$1,835,479,265	+ 6.62

(a) Sources: For state-collected taxes, Ohio Office of Budget and Management.
For locally-collected taxes, Ohio Department of Taxation.
(b) Gross tax collections less refunds.
(c) Taxes paid by dealers in intangibles and inter-county corporations.
(d) Includes only tangible personal property taxes.
(e) Fiscal years 1988 and 1989, respectively.

The table below shows state general revenue fund revenues for fiscal year 1989. Excluding federal aid, total revenue amounted to almost $9.0 billion. The figure on the next page presents each revenue category as a share of the total general revenue fund. Revenue from taxes administered by the Department of Taxation comprised 94.6% of the total general revenue fund in fiscal year 1989. The largest source, personal income accounted for 37.8% of that total.

Several changes to the general revenue fund accounting procedures affected the totals of the fund's sources in fiscal year 1989. Beginning in fiscal year 1989, lottery profits were deposited directly to a fund that is distributed to local governments for education. The collections from income, sales and use, corporate franchise, and public utility tax had 4.5% credited directly to the local government fund for distribution to county and municipal governments. In addition, 6.3% of income tax collections went directly to the library and local government support fund for distribution to county governments.

GENERAL REVENUE SOURCES

FISCAL YEAR 1989
(EXCLUDING FEDERAL AID)

Revenue Source		FY 1989 Collections
Personal Income Tax[a]		**$3,394,404,784**
Sales and Use Tax[a]		**3,260,309,932**
Corporation Franchise Tax[a]		**891,969,481**
Public Utility Excise Tax[a]		**561,897,551**
Cigarette Tax		**210,351,486**
Alcoholic Beverage Taxes		
Alcoholic Beverage Excise Tax	$43,029,486	
Liquor Gallonage Tax	22,302,320	
Liquor Profits	50,000,000	
Total		**115,331,806**
Miscellaneous		
Domestic Insurance Tax	$38,848,885	
Estate Tax	56,991,703	
Foreign Insurance Tax	207,089,427	
Horse Racing	2,988,281	
Other Taxes	8,281,980	
Total		**314,200,276**
Non-Tax Revenue		
Earnings on Investment	$68,441,837	
Lottery[b]	0	
Miscellaneous[c]	166,664,258	
Total		**235,106,095**
GRAND TOTAL		**$8,983,571,337**

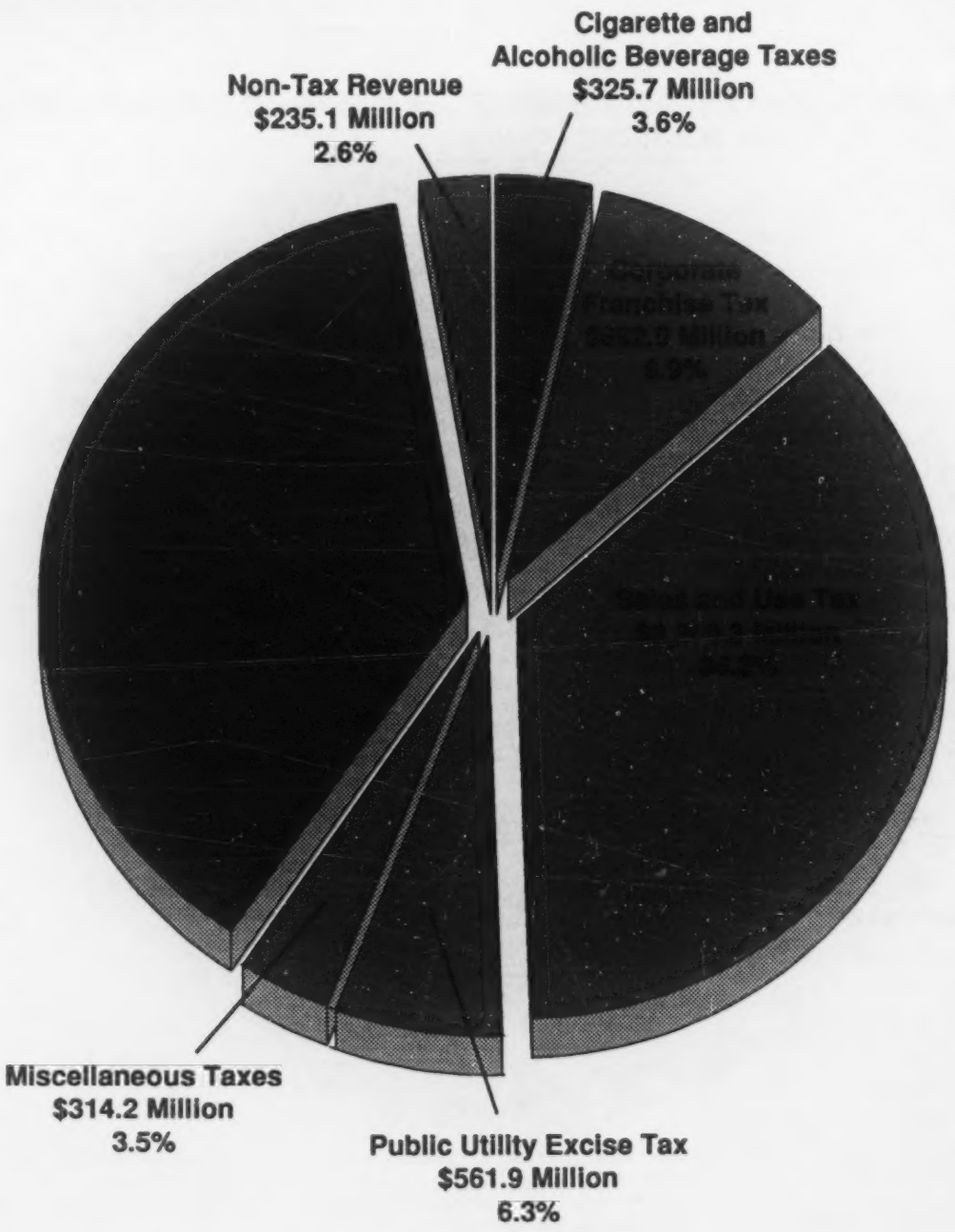
NOTE: All amounts are after refunds.

(a) Effective fiscal year 1989, portions of these funds were credited directly to the local government fund and/or the library and local government support fund. These totals are not directly comparable to last year's totals.
(b) Effective fiscal year 1989, lottery profits go directly to a fund for distribution to local governments for education.
(c) Includes certain transfers out of the general revenue fund.

Source: Ohio Office of Budget and Management.

GENERAL REVENUE FUND SOURCES

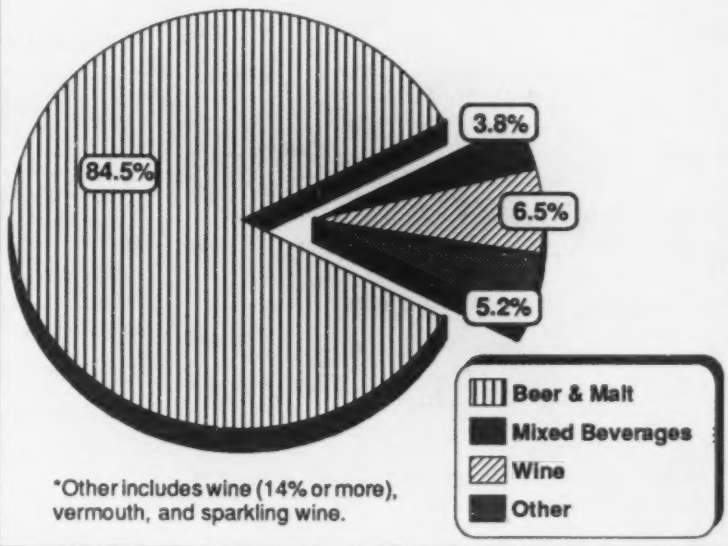
FISCAL YEAR 1989
TOTAL: $8,983.6 MILLION



ALCOHOLIC BEVERAGE TAXES

The Ohio Department of Taxation and the Department of Liquor Control share responsibilities for the administration of the laws regarding alcoholic beverages. The Department of Liquor Control, which includes the Liquor Control Commission: (1) is in charge of issuing, suspending, and revoking permits to manufacture, distribute, and sell all alcoholic beverages; (2) operates a system of state liquor stores for the sale of spirituous beverages (liquors containing more than 21% alcohol by volume) to individuals and to holders of permits authorizing the sale of spirituous liquor; and (3) grants permits for and controls all phases of manufacturing, distribution, and sale of alcoholic beverages in Ohio.

Alcoholic Beverage Tax Liabilities, by Beverage
Fiscal Year 1989 Total – $44.1 Million



*Other includes wine (14% or more), vermouth, and sparkling wine.

The Department of Taxation is involved in the administration of the taxes on beer, malt beverages, wine, mixed beverages, and brewers wort and malt. This does not include distilled beverages over 21% alcohol by volume. This section of the Annual Report covers only the role of the Department of Taxation.

Before the repeal of Prohibition in 1933, the states played a secondary role to the federal government in regulating the sale of alcoholic beverages. However, after Prohibition was repealed, the states gained predominance. That same year, Ohio created the Department of Liquor Control and enacted tax levies on beer, wine and other non-spirituous beverages. Since 1933, there have been amendments to the law including excise tax increases and imposing the state sales tax on beer, malt beverages, wine, and mixed beverages.

Receipts from the excise taxes on beer, malt beverages, wine, and mixed beverages were $42.6 million in fiscal year 1989, $0.6 million less than fiscal year 1988 receipts. All of these receipts go into the general revenue fund except for three cents out of the tax on each gallon of wine. The revenue from the three cents per gallon of the tax on wine is designated for research and study of grapes and grape products under the direction of the Ohio Grape Industries Committee.

TAX BASE:

Sale by volume of the following non-spirituous beverages (R.C. 4301.01):

Type of Product	Definition
Beer, Malt Liquor (or malt beverage)	Brewed or fermented malt product containing not less than 0.5% and not more than 6.0% alcohol by weight.
Wine (including sparkling wine and vermouth)	Fermented juices of grapes, fruits or other agricultural products and containing not less than 4% and not more than 21% of alcohol by volume.
Mixed Beverages	Mixture of wine or distilled spirits with carbonated or non-carbonated flavoring materials and containing not less than 5% and not more than 21% of alcohol by volume.
Malt	Liquid, solid, or extract made from cereal grains.
Brewer's Wort	Liquid malt containing less than 15% solids by weight.

RATES:

Type of Product	Revised Code Section	Unit of Measure	Tax Rate
Beer and malt beverages in bottles or cans	4301.42	6 oz. or fractional part thereof	0.75 cent*

RATES: (cont'd)

Type of Product	Revised Code Section	Unit of Measure	Tax Rate
Beer and malt beverages in barrels	4305.01	31 gallons	$2.50
Wine (containing alcohol 4% by volume to 14% by volume)	4301.43 4301.432	Gallon	26 cents
Wine (containing alcohol 14% to 21% by volume)	4301.43 4301.432	Gallon	62 cents
Vermouth	4301.43 4301.432	Gallon	77 cents
Sparkling and Carbonated Wine and Champagne	4301.43 4301.432	Gallon	$1.27
Mixed Beverages	4301.43	Gallon	80 cents
Malt	4309.04	One pound or fractional part thereof	3 cents
Brewer's Wort	4309.04	Gallon	10 cents

* The rate on bottles and cans having 12 ounces or less of liquid content is 1/8 of 1 cent per ounce.

TAXPAYER:

Type of Product	Revised Code Section	Taxpayer
Bottle and Canned Beer and Malt Beverages	4301.42	Manufacturer, Bottler, Canner, or Wholesale Dealer
Barrel Beer	4305.01	Manufacturer or Consignee
Wine	4301.43	Manufacturer, Bottler or Wholesale Dealer
Mixed Beverages	4301.43	Manufacturer, Wholesale Dealer or Retail Dealer
Malt and Brewer's Wort	4309.051	Wholesale Dealer or Retail Dealer

PAYMENT DATES (R.C. 4303.33):

Beer and malt beverages permit holders:

Advance payment: On or before the 18th of each month for that month's estimated tax liability.

Monthly payment: On or before the 10th of each month for the balance of the previous month's tax liability after advance payment credits.

Wine and mixed beverage permit holders:

Monthly payment: On or before the 18th of each month for the previous month's tax liability.

Malt and brewer's wort:

Monthly payment: On or before the 10th of each month for the previous month's tax liability.

DISCOUNTS AND ADDITIONAL CREDITS (R.C. 4303.33):

Discounts and additional credits are in consideration for collection and timely payment of tax liability by permit holders.

Beer and malt beverage permit holders:

Advance pay credit: 3% of the amount of tax received by the Treasurer of State by the 18th day of the month for which the tax is paid.

Discount: On the balance of tax due (after the advance payment) if received by the Treasurer of State by the 10th day of the following month, the smaller of the following: 0.3% of the amount of the advance payment, or 3% of the net amount of tax due after deducting the advance payment.

Wine and mixed beverage permit holders:

3% discount on the amount of monthly payment if the payment is received on or before the 18th of the month for the previous month's tax liability.

EXEMPTIONS AND REFUNDS (R.C. 4301.23, 4303.332, 4303.333, 4307.05):

1. Sacramental wine used in religious rites.
2. Any licensed Ohio brewer whose total production, wherever produced, does not exceed 31,000,000 gallons in a calendar year will receive a credit against his excise tax the following year and a refund on any excise tax paid during the current year on up to 9,300,000 gallons of beer distributed in Ohio.
3. Any licensed Ohio wine producer whose sales do not exceed 500,000 gallons in a calendar year will be granted an exemption from the excise tax during the following year and a refund on any excise tax paid during the current year.

DISPOSITION OF REVENUE (R.C. 924.5I-924.55, 4301.43, 4301.432, 4301.46, 4305.01, 4307.02, 4309.04):

Grape Industries Special Account: 3 cents per gallon of the excise tax levied on wine is paid into this account to provide funds for research, development, and marketing of grape products in Ohio.

General Revenue Fund: Remainder of excise tax levied on wine and all of the excise tax levied on beer, malt beverages, mixed beverages, wort and malt.

OHIO REVISED CODE CITATIONS:

Chapters 924, 4301, 4303, 4305, 4307, 4309.

RECENT LEGISLATION:

House Bill 111, effective July 1, 1989.

R.C. 4305.01: Increases the rate on barreled beer from $2.50 to $3.50 per barrel.

R.C. 4309.04: Repealed the tax levies on brewer's wort and malt.

Table 9

ALCOHOLIC BEVERAGE TAXES

PAYMENTS AND CREDITS, FISCAL YEAR 1989

Type of Beverage	Gross Tax	Credits and Discounts	Net Tax Receipts
Beer and Malt Beverage			
Advance Tax Payments	$28,258,054	$848,144	$27,409,910
Payment with Return	8,272,319	64,875	8,207,444
Other Payments	529	--	592
Total	$36,530,965	$913,019	$35,617,946
Wine and Mixed Beverages			
Payment with Return	$7,161,895	$185,265	$6,976,630
Other Payments	18,005	--	18,005
Total	$7,179,900	$185,265	$6,994,635
Brewer's Wort and Malt			
Payment with Return	1,634	--	1,634
Grand Total	$43,712,499	$1,098,284	$42,614,215

Table 10

ALCOHOLIC BEVERAGE TAXES

LIABILITY, AS REPORTED ON RETURNS, FISCAL YEARS 1987, 1988, AND 1989

	Amount of Tax Liability		
Type of Beverage	1987	1988	1989
Beer and Malt Beverage	$36,356,283	$37,325,980	$37,273,930
Wine 14% or less alcohol	3,178,920	3,008,199	2,877,014
Wine 14-21% alcohol	1,406,083	1,462,972	1,196,989
Mixed Beverages	1,667,836	1,795,302	1,669,016
Vermouth	137,969	148,541	126,346
Sparkling Wine	1,025,841	955,714	948,040
Total	$43,772,932	$44,696,708	$44,091,335

Note: Amounts represent tax liability as opposed to tax payments in Table 9.

CIGARETTE TAX

An excise tax on cigarettes has been levied in Ohio since 1931. From an initial tax of two cents per pack, the rate was increased gradually over the years until it reached fifteen cents per pack in 1971. This rate remained in effect until 1981, when it was reduced to fourteen cents. At that time, however, cigarettes became subject to the Ohio sales tax. The rate increased to 18 cents per pack on July 15, 1988.

The excise tax on cigarettes is made up of two separate levies on each cigarette: one levy of .85 cent and the other .05 cent for a total of 0.9 cent per cigarette, or 18 cents per standard package of 20 cigarettes. The tax is paid primarily by wholesale dealers through the purchase of stamps or meter impressions (tax indicia) that are affixed to cigarette packs. The Ohio Tax Commissioner may authorize dealers to purchase the tax indicia on credit payable within thirty days. Over 80% of the tax stamps and meter impressions are purchased on a credit basis. Retailers, individuals, and other consumers are responsible for paying the tax on cigarettes not taxed at the wholesale dealer level.

The .85 cent levy is credited to the state general revenue fund while receipts from the .05 cent tax are earmarked for retirement of educational, recreational, and public building construction bonds. In fiscal year 1989, total receipts were $225.4 million.

TAX BASE:

The sale of cigarettes in Ohio (R.C. 5743.02, 5743.023).

The use, consumption, or storage for consumption of cigarettes in Ohio (R.C. 5743.32, 5743.322).

RATES:

Although the tax enacted applies to each cigarette, the rates below are in terms of packs of 20 and 25 cigarettes.

Ohio Revised Code Section	Tax Rate Per Pack of 20	Tax Rate Per Pack of 25
5743.02 (Sale), 5743.32 (Use)	17 cents	21.25 cents
5743.023 (Sale), 5743.322 (Use)	1 cent	1.25 cents
Total Rate Per Pack	18 cents	22.50 cents
5743.024 (County Permissive)	Up to 4.5 cents	Up to 5.625 cents

EXEMPTION (R.C. 5743.05):

Cigarettes sold in interstate or foreign commerce or to United States appropriated fund activities.

TAXPAYER (R.C. 5743.01):

Wholesale Dealer: Those who purchase cigarettes directly from manufacturers, producers, importers, and other wholesalers who then sell cigarettes to others (retailers) for the purpose of resale.

Retail Dealer: Includes everyone, other than a wholesale dealer, engaged in the sale of cigarettes. Retail dealers must remit the tax on any cigarettes not previously taxed.

Persons: Individuals, companies, and other consumers who have cigarettes in their possession on which the excise tax has not been paid.

METHOD OF TAX PAYMENT:

Over 80% of the cigarette excise tax is paid through credit purchases of stamp and meter impressions and almost 20% by cash payment. When it is more practical to collect the tax without the use of stamps or meter impressions (for example, manufacturers' gift samples), the tax is paid with returns or by direct payment to the Ohio Treasurer of State.

Method of Payment	Ohio Revised Code Section	Description of Payment
Credit Payment	5743.05	The Tax Commissioner may authorize wholesale dealers to purchase stamps and meter impressions on credit payable within thirty days. For out-of-state dealers, this applies only if that state allows Ohio dealers the same credit.
Cash Payment	5743.03	Dealers are required to pay for stamps and meter impressions at the time of purchase unless they have been authorized to make credit purchases.
Direct Payment	5743.33	Direct payments are made primarily by manufacturers on gift samples of cigarettes, but also include assessments and deficiency payments, and voluntary payments by consumers.

TAX RETURN DATES:

Wholesale dealers are required to file a semi-annual return even though they may have paid all their tax through the purchase of stamps and meter impressions. Any payment due on cigarettes not previously taxed is included.

Others who have untaxed cigarettes file a monthly use tax return along with their tax.

TAX RETURN DATES: (cont'd)

Type of Return	Filing Date	Revised Code Section	Taxpayer
Semi-annual	By July 31 for the preceding January - June period. By January 31 for the preceding July - December period.	5743.03	Wholesale dealers
Monthly	By the 15th of each month for the preceding month.	5743.33	Persons with untaxed cigarettes

DISCOUNT (R.C. 5743.05):

As a consideration for affixing and cancelling cigarette stamps and meter impressions, retail and wholesale dealers receive a discount of 3.6% of 17/18 of the face value of stamps and meter impressions whether purchased for cash or on credit. The discount does not apply to use tax return payments.

SPECIAL PROVISIONS (R.C. 5743.024):

Counties may, with voter approval, levy a permissive cigarette tax of up to 2.25 mills per cigarette. The levy must specify the purposes of the permissive levy revenue.

DISPOSITION OF REVENUE:

Tax Rate	Revised Code Section	Disposition of Revenue
0.85 cent per cigarette	5743.02	State General Revenue Fund
0.05 cent per cigarette	5743.023	Payment for retirement of bonds issued pursuant to Article VIII, Section 2f of the Ohio Constitution

OHIO REVISED CODE CITATIONS:

Chapter 5743.

Table 11-A

CIGARETTE TAX

EXCISE TAX RECEIPTS FISCAL YEAR 1989

Type of Payment	Gross Tax	Discount Allowed	Net Tax Collected
Credit Payments	$193,735,049	$6,572,482	$187,162,567
Cash Payments	38,969,109	1,322,031	37,647,078
Direct Payments	606,621	--	606,621
Total	$233,310,779	$7,894,513	$225,416,266

SOURCE: Treasurer of State.

Table 11-B

CIGARETTE TAX

EXCISE TAX RECEIPTS FISCAL YEAR 1985-1989

Fiscal Year	Gross Tax	Discount Allowed	Net Tax Collected
1985	$192,341,976	$6,385,791	$185,956,185
1986	191,056,666	6,372,887	184,683,779
1987	189,171,433	6,302,644	182,868,789
1988*	239,572,024	8,045,541	231,526,483
1989	233,310,779	7,894,513	225,416,266

* Effective July 15, 1987, cigarette tax increased to 18 cents per packages of 20.

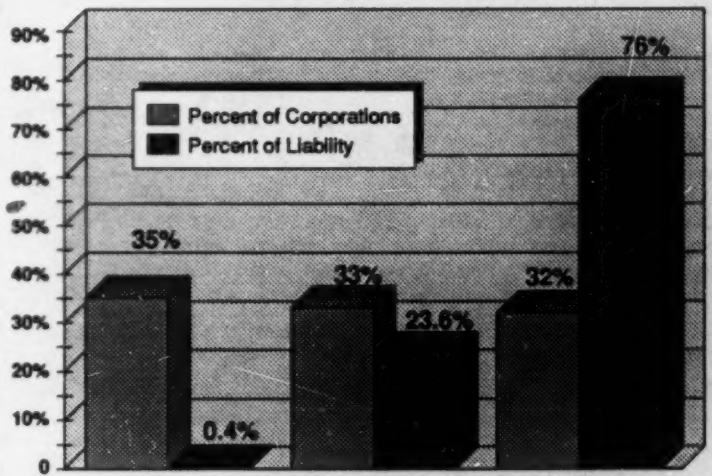
SOURCE: Treasurer of State.

CORPORATION FRANCHISE TAX

The Ohio corporation franchise tax has two alternative tax bases: a net worth base and a net income base. Corporations are required to compute their tax liability under each base and pay the higher of the two, except for financial institutions which compute their tax only on net worth. Net collections from the tax were $945.0 million in fiscal year 1989.

The tables in this section show data on the distribution of the corporation franchise tax among the alternative tax bases for various industrial classifications and tax liability classes. The data for these tables were taken from the franchise tax reports filed for tax year 1988. Nearly all such reports were filed in the period between January and May of 1988. Therefore, taxes from these reports were primarily collected during fiscal year 1988.

Percentage of Corporations and Tax Liability By Tax Base, Tax Year 1988
Total Number of Corporations -- 121,205
Total Reported Liability -- $719.4 Million



The total reported corporate franchise tax liability after credits for all corporations except financial institutions for tax year 1988 was $666.4 million. The reported liability before credits was $719.4 million, but tax credits reduced the net liability to $666.4 million. About 76% of the total tax liability before credits was based on net income compared to 23.6% based on net worth. The remainder of the tax was either collected from the minimum tax or the proper tax base was not reported. While about 76% of the tax liability was based on net income, only about 32% of the corporations paid the tax on net income. About 33% of the corporations paid the tax based on net worth and another 35% paid the minimum tax. These data exclude the reports of financial institutions, which are shown in the final table.

Financial institutions reported a total tax liability of $109.6 million for tax year 1988. Banks filed 57% of the returns and reported 80% of the total tax liability. Savings and loans filed 38% of these returns, but reported only 19% of the total tax liability. Other financial institutions accounted for the balance of the returns and tax liability.

TAX BASE
(R.C. 5709.65, 5733.05, 5733.051):

The total value of the corporation's issued and outstanding shares of stock (corporations doing business only in Ohio), or the portion of the value of its issued and outstanding shares of stock attributable to Ohio (corporations doing business both inside and outside of Ohio) forms the base of the corporation franchise tax. Two alternative methods are provided for the measurement of this value:

1. Net Worth Base:

This is determined by computing the total book value of the corporation's capital, surplus, undivided profits, and reserves (unless excluded by statute -- see **"Exemptions and Exclusions"** section). For calendar year corporations, net worth is determined as of the end of the preceding calendar year; for fiscal year corporations, net worth is determined as of the end of the fiscal year ending in the preceding calendar year. The Ohio net worth of interstate corporations is apportioned to Ohio -- 50% on the basis of property owned and

TAX BASE: (cont'd)

used in Ohio and 50% on the basis of business done in Ohio. (For sales of tangible personal property, business done is determined by the final destination of the property sold; other sales are allocated according to their situs.) For interstate corporations, the formula for determining Ohio net worth is shown in Corporation Franchise Tax Exhibit 1 (page 19).

2. **Net Income Base (Does not apply to financial institutions):**

This is determined by the corporation's Ohio net income (equal to the Ohio portion of federal taxable income with exclusions and additions required by state statute -- see **"Exemptions and Exclusions"** and **"Special Provisions"** sections). For calendar year corporations, net income is computed for the preceding calendar year; for fiscal year corporations, net income is computed for the fiscal year ending in the preceding calendar year. For corporations operating only in Ohio, the total net income of the corporation is attributable to Ohio. For interstate corporations, income is allocated or apportioned to Ohio as follows:

a. Allocable Income

The following types of income are allocated within or outside of Ohio on the basis of location, commercial situs, situs at time of sale, or location of business activity:

1) net rents and royalties from real and personal property;
2) capital gains and losses from the sale or other disposition of real, tangible, and dividend producing intangible property;
3) dividends;
4) net patent and copyright royalties (not representing principal source of gross receipts);
5) technical assistance fees.

b. Apportionable Income

Income from all non-allocable sources is apportioned to Ohio according to a three-factor formula with equally-weighted property and payroll factors and a double-weighted sales factor (unless Tax Commissioner approves or requires alternative method of apportionment). The formula and the three factors are shown in Corporation Franchise Tax Exhibit 2 (page 20).

The sum of Ohio's allocable and apportionable income equals Ohio taxable net income to which the tax rate is applied.

RATES:

1. **General Rates** for all corporations except financial institutions (R.C.5733.06):

The tax rates for the two alternative tax bases are:

Net Worth -- 5.82 mills on the taxable value of the corporation; or

Net Income -- 5.1% on the first $50,000 of Ohio taxable income plus 8.9% on Ohio taxable income in excess of $50,000.

Corporations pay the greater of the two tax liabilities computed under the alternative tax bases, (after deducting credits)--with a minimum tax liability of $50 for all corporations.

2. **Litter Tax Rates** (expire after tax year 1993) (R.C. 5733.065 and 5733.066):

a. The tax rates for the two alternative tax bases for all corporations except "litter stream corporations" and financial institutions are:

Net Worth -- 0.14 mill on the taxable value of the corporation; or

Net Income -- 0.11% on the first $50,000 of Ohio taxable income plus 0.22% on Ohio taxable income in excess of $50,000.

The additional tax charged any taxpayer or group of combined taxpayers under these rates is limited to a maximum of $5,000.

b. The litter tax rates for the two alternative tax bases for corporations manufacturing or selling "litter stream products"* are:

Net Worth -- 0.28 mill on the taxable value of the corporation; or

Net Income -- 0.11% on the first $50,000 of Ohio taxable income plus 0.44% on Ohio taxable income in excess of $50,000.

The additional tax charged any taxpayer or group of combined taxpayers under these rates is limited to a maximum of $10,000.

* "Litter stream products" include general beverages, beverage containers and packaging, take-out food packaging, tobacco products, candy and gum.

3. **Financial Institutions Rate** (R.C. 5733.06):

Rate on net worth (net income base does not apply)--15 mills.

CREDITS (R.C. 5709.65, 5733.061, 5733.062, 5733.063, 5733.064):

Credits allowed are:

1. A credit equal to the difference between (1) the tangible property taxes actually paid in the taxable year on machinery and equipment used in manu-

CREDITS: (cont'd)

facturing or refining and acquired in 1978 and thereafter; and (2) the taxes that would have been paid on such property if it had been assessed at 20% (this percentage will increase by one percentage point per year over the period from 1989-1993) of true value instead of the actual percentage. If this credit exceeds the franchise tax liability in any year, the excess credit may be carried forward to offset liability during the following 3 years.

2. A credit equal to 50% of cash donations for litter control made to municipalities, counties, and townships which qualify for grants from the litter control and recycling special account. This credit is limited to the lesser of cash donations or 50% of the additional tax liability from the litter tax rates. This credit expires after tax year 1993.
3. A credit for qualified non-retail corporations locating in "jobs and enterprise zones" equal to:
   a. the amount reimbursed to specified employees for the cost of day care services up to a maximum of $300 per child;
   b. the amount reimbursed to specified employees for training costs up to a maximum of $1,000 per employee.
4. A credit equal to the difference between the assessment paid by a state-chartered savings and loan association to the Division of Savings and Loans and the amount paid in supervisory fees to the Federal Savings and Loan Insurance Corporation (FSLIC) or, in the case of an association not insured by the FSLIC, the amount it would have paid if so insured.
5. A corporation is allowed a credit against the franchise tax if it owns more than 50% of the capital stock of another corporation and both it and the subsidiary corporation pay the tax on the net worth basis. The credit equals the lesser of the following:
   (1) The tax charged on the portion of the corporation's net worth represented by investments in and advances to its subsidiaries.
   (2) The amount by which the corporation's net worth tax exceeds its tax computed on net income.
   (3) The amount by which the tax on net worth of its subsidiaries exceeds the tax computed on their net income.

   The credit is phased in beginning in 1990 by multiplying the lesser of the above amounts by the following percentages:

Tax Year	Percentage
1990	25%
1991	50%
1992	75%
1993	100%

EXEMPTIONS AND EXCLUSIONS:

Corporations not subject to tax (R.C. 1733.43, 5733.01, 5733.09, and 5733.10):

1. Nonprofit corporations (except certain agricultural and consumer cooperatives);
2. Municipal corporations;
3. Public utilities subject to public utility excise tax;
4. Credit unions;
5. Dealers in intangibles subject to intangibles taxes imposed by R.C. 5707.03;
6. Corporations required to file annual reports with the superintendent of insurance;
7. "Real estate investment trust" and "regulated investment companies" as defined in the Internal Revenue Code;
8. Corporations electing treatment as "S" corporations under the Internal Revenue Code.

Assets excluded when computing the corporation's net worth (R.C. 5709.25, 5709.35, 5709.50, 5709.65, 5733.05, and 5915.29):

1. Certain valuation reserves;
2. Taxes due and payable;
3. Goodwill, appreciation, and abandoned property;
4. Specified investments in public utilities, insurance companies, and financial institutions in which the taxpayer has the ownership interests as required by statute (investments and business attributed to these companies are also eliminated in determining the property and business fractions for apportioning net worth);
5. Certified Ohio pollution control facilities;
6. Certain facilities designed to convert coal into other fuels or to desulphurize coal (assets excluded for 30 years);
7. Certified Ohio civil defense structures;
8. Certified Ohio energy conversion, thermal efficiency improvement, and solid waste energy conversion facilities;
9. Voting stock and participation certificates of production credit associations;
10. Land in Ohio valued for real estate tax purposes as land devoted exclusively to agricultural use;
11. Property within Ohio used exclusively for qualified research.

EXEMPTIONS AND EXCLUSIONS: (cont'd)

Exempt income and deductions from the net income base (R.C. 5733.04, 5709.35):

1. Certain income from sources outside the United States;
2. Specified dividends from other corporations;
3. Dividends received from public utilities, insurance companies, and financial institutions in which the taxpayer has the ownership interests required by statute (receipts from these companies are eliminated in determining the sales factor for apportioning net income);
4. Gains from the sale of capital assets where such gains occurred prior to addition of income base (losses from such sales may not be deducted from income);
5. Income arising from facilities designed to convert coal into other fuels, to desulphurize coal, or as a coal research and development project (exempt for 30 years);
6. Amount of payroll excluded for the federal "targeted jobs credit";
7. Net interest income on obligations of the federal government;
8. Net operating loss carried forward from prior years. Losses incurred in taxable years ending after 1981 may be carried forward 15 consecutive taxable years. There is no carryback provision.

TAXPAYER (R.C. 5733.01):

Corporate franchise tax is imposed on all domestic corporations organized for profit under Ohio law, except corporations which are exempted by statute. The tax must also be paid by nonprofit agricultural and consumer cooperatives which are organized under Chapter 1729 of the Ohio Revised Code. All foreign corporations organized for profit which are doing business in Ohio, or authorized to do business in Ohio, must also pay the corporate franchise tax. The tax is imposed for the privilege of doing business in Ohio during the year in which the tax is payable.

PAYMENT DATES (R.C. 5703.47, 5733.02, 5733.021, 5733.13):

January 31 -- By this date, the corporation must file either the annual report and make full payment of the tax due, or an estimated report of its full tax liability and pay one-third of that estimated liability. If the estimated full tax liability is less than the minimum tax of $50, the corporation must make full payment of $50.

March 31 -- By this date, the corporation must file either the annual report and pay the difference between its full liability and first estimated payment, or it must file a timely extension request and pay another one-third of its estimated tax liability.

May 31 -- By this date, a corporation which received an extension of time for filing past March 31 must either file the annual report and pay the difference between its full liability and its estimated payments made earlier, or pay the remaining one-third of its estimated tax liability (if it is granted an extension for filing past May 31). A corporation receiving this extension must file its annual report and pay any remaining tax liability by the 15th day of the month following the final due date for filing its federal corporation income tax return.

The interest rate charged on any underpayment of estimated tax payments in a year is based on the average federal short term rate in effect in July of the previous year plus three percentage points.

DISPOSITION OF REVENUE (R.C. 5733.12):

The amount appropriated annually for administration of the "litter" tax is credited to the litter control and recycling tax administration account. In addition, $5 million is credited to the litter control and recycling account every six-month period through June, 1991. 4.5% of corporate franchise receipts were credited to the Local Government Fund. Remaining revenue was credited to the state General Revenue Fund. Beginning July 1, 1989, 4.6 percent is credited to the Local Government Fund, 0.3% to the Local Government Revenue Assistance Fund and the remainder to the General Revenue Fund.

OHIO REVISED CODE CITATIONS:

Chapter 5733.

ADMINISTRATIVE FEATURES (R.C. 5733.02, 5733.052, 5733.11):

1. Shared Administration:

   Although tax payments and annual reports of corporations are filed with the Treasurer of State, the Tax Commissioner is principal administrator of the tax, with the Treasurer acting as collector of the tax. All corporate franchise reports received by the Treasurer are transmitted to the Commissioner showing the amount of tax remitted with the report and the date it was received. If a corporation required to file a report fails to file the report within the prescribed time, files an incorrect report, or fails to remit the full amount of the tax due, the Commissioner may make an assessment against the corporation for the tax due.

ADMINISTRATIVE FEATURES (cont'd):

2. Combined Report:

When more than half of the capital stock with voting rights of a corporation is owned or controlled by another corporation, the Tax Commissioner is authorized to permit or require the combining of net income for purposes of calculating the tax base. Two or more corporations subject to the tax which meet the above ownership requirements may elect to file a combined report if the combination sets forth the information required by the Commissioner and each of the corporations has non-dividend income from sources within Ohio. Once made, this election may not be changed by the taxpayer without the Commissioner's consent. (See Tax Commissioner Rule 5703-5-06).

SPECIAL PROVISIONS (R.C. 5733.041):

A portion of the depreciation deduction is required to be added back to net income. For tax year 1989, the amount added back equals 20% of the depreciation deduction allowed under Section 168 of the Internal Revenue Code (Accelerated Cost Recovery System Depreciation). One-fourth of the depreciation added back to net income may be deducted from net income in each of the next 4 tax years if tax was paid on the net income basis in the year the depreciation was added back.

The portion of the depreciation deduction to be added back will continue to decline in 5-percentage point increments annually between 1990 and 1993 until reaching zero in 1993. For 1990, one-third of the amount added back may be deducted in each of the three following years. One-half of the add-back for 1991 may be deducted in the two following years, while the full amount of the add-back for 1992 is deducted in 1993.

RECENT LEGISLATION:

House Bill 111, effective July 1, 1989.

5733.053: Requires any corporation receiving the assets of a dissolved corporation to pay the franchise tax left unpaid by the dissolved corporation. (Prevents corporations from avoiding taxes by dissolving before the end of the tax year and re-incorporating the next tax year.)

5733.09: Exempts Real Estate Mortgage Investment Conduits (REMIC) from corporate franchise tax.

House Bill 243, effective September 13, 1989.

5733.11: Provides a 90-day extension of the statute of limitations on corporate franchise tax assessments, with the consent of the taxpayer and the tax commissioner.

RECENT SIGNIFICANT COURT DECISIONS:

Columbia Properties, Inc. v. Limbach (1989), 42 Ohio St. 3d 75. Where a corporation owned apartment buildings which it rented to tenants who were prohibited from using the property in commercial activities, the corporation should include the buildings in its property factor as "property used in business" under R.C. 5733.05(B)(2)(a).

Ashland Oil, Inc. v. Limbach (August 5, 1988), B.T.A. Case Nos. 85-G-896,906. Depreciation recapture is apportionable under the three factor formula of R.C. 5733.05. Capital gains from sales of securities are allocable to the commercial domicile pursuant to R.C. 5733.051(A)(5). Interest earned from the redemption of securities is includable in Ohio taxable income, but excludable from the denominator of the sales factor under R.C. 5733.05(B)(2)(c).

Cohen & Co. v. Limbach (1988), 40 Ohio St. 3d 52. When a Subchapter S Corporation included dividends paid to its shareholders in its federal taxable income, it may not deduct such dividends from its Ohio net income under the theory that they are compensation for services.

Sterling Drug, Inc. v. Limbach (December 16, 1988), B.T.A. No. 85-B-247. In computing the R.C. 5733.04(I)(2) foreign source income deduction, the reduction for expenses is not limited to direct expenses.

Mead Properties, Inc. v. Limbach (April 21, 1989), B.T.A. No. 85-D-791. Net rental income from real property located outside Ohio, received by a joint venture of which the corporate taxpayer was a general joint venturer, should be allocated outside Ohio under R.C. 5733.051.

Cliffs International, Inc. v. Limbach (March 24, 1989), B.T.A. No. 87-H-51. For the purpose of the property fraction of the net worth basis, the investment by a corporation in a subsidiary corporation with no physical assets should be situsted using a physical asset ratio of the second tier subsidiary corporation, which does have physical assets.

RECENT SIGNIFICANT COURT DECISIONS: (cont'd)

Alcan Aluminum Corp. v. Limbach (1989), 42 Ohio St. 3d 121. Under R.C. 5733.051, a corporation selling its shares of another corporation's stock must allocate the gain (or loss) to Ohio on the basis of the ratio of the book value of the physical assets located in Ohio to the book value of the physical assets located everywhere, unless the location of the physical assets is available to the taxpayer.

Ferro Corporation v. Limbach (June 2, 1989), B.T.A. Case No. 86-A-513. The foreign source income deduction of R.C. 5733.04(I)(2) allows a corporation to reduce its net income by the amount derived for royalties, technical or other services from outside the U.S.

Custom Deco, Inc. v. Limbach (June 2, 1989), B.T.A. Case No. 86-C-1024. Under R.C. 5733.05(B)(2)(c), sales of tangible personal property are included in the sales factor of the three factor apportionment formula if the property is received by the purchaser within Ohio. If the sales are of services, the location of the solicitation of the sales determines whether the income is included. Here, the taxpayer received "blank" glassware and enamel from customers, designed decorations and applied the enamel, then fired the ware in kilns and returned the finished products to the customers. This is a sale of tangible personal property even though the taxpayer never owned the ware, because it created a new product; hence only sales made to customers in Ohio are includable in the sales factor numerator.

CORPORATION FRANCHISE TAX EXHIBIT 1

Net Worth Tax Base Formula

$$\text{Taxable Value} = \left(\frac{\text{Book Value of Ohio Property*}}{\text{Book Value of Total Property*}} \times \frac{\text{Share Value}}{2}\right) + \left(\frac{\text{Ohio Business}}{\text{Total Business}} \times \frac{\text{Share Value}}{2}\right)$$

* Excludes value of pollution control, coal conversion, solid waste energy conversion, thermal efficiency improvement and energy conversion facilities, goodwill, appreciation, qualified property in an enterprise zone, and property used exclusively for qualified research.

CORPORATION FRANCHISE TAX EXHIBIT 2

Net Income Tax Base
(Does not apply to financial institutions)

1. Net Income Apportionment Formula:

$$\text{Ohio Apportioned Net Income} = \text{Total Net Corporation Apportionable Income} \times \frac{\text{Property + Payroll + Sales + Sales Factors}}{4^*}$$

* Reduced by number of factors with a denominator of zero.

2. The factors are computed as follows:

$$\text{Property Factor}^* = \frac{\text{Average cost of owned or rented real and tangible personal property used in business in Ohio}}{\text{Average cost of such property used everywhere}}$$

$$\text{Payroll Factor}^{**} = \frac{\text{Total compensation paid in Ohio}}{\text{Total compensation paid everywhere}}$$

$$\text{Sales Factor}^{***} = \frac{\text{Sales in Ohio}}{\text{Sales everywhere}}$$

* Excludes cost of pollution control, coal conversion, solid waste energy conversion, thermal efficiency improvement, energy conversion facilities, property that generates rental income, property in a qualified facility in an enterprise zone, and property used exclusively for qualified research in Ohio.

** Excludes compensation to certain employees at a qualified facility in an enterprise zone, and compensation to employees engaged in qualified research in Ohio.

*** For sales of tangible personal property, sales inside and outside of Ohio are determined by the final destination of the property sold; other sales are situsued according to where the income-producing activity takes place. Sales derived from allocable income are not included in this factor.

Table 12

CORPORATION FRANCHISE TAX

CORPORATE FRANCHISE TAX COLLECTIONS, FISCAL YEARS 1985-1989

Fiscal Year	Gross Tax Collections	Refunds	Net Tax Collections
1985	$831,361,296	$98,695,314	$732,665,982
1986	883,517,006	81,348,121	802,168,885
1987	887,646,144	90,863,486	796,782,658
1988	938,052,410	87,918,181	850,134,229
1989	1,025,658,990	80,629,751	945,029,239

SOURCE: Ohio Office of Budget and Management.

Table 13

CORPORATION FRANCHISE TAX

NUMBER OF CORPORATIONS, BY TAX BASE AND INDUSTRY, TAX YEAR 1988

Industry	Number of Corporations by Tax Base				
	Minimum	Net Worth	Net Income	Not Reported (a)	Total
Agriculture & Forestry	112	105	94	--	311
Mining	615	686	278	8	1,587
Construction	3,361	3,072	3,795	15	10,243
Manufacturing	3,662	5,721	5,635	61	15,079
Transportation	1,692	1,413	1,620	6	4,731
Wholesale Trade	2,535	3,466	3,608	23	9,632
Retail Trade	5,036	6,113	5,566	32	16,747
Finance	4,777	4,796	3,527	20	13,120
Service	10,080	9,522	10,294	48	29,944
Unknown (b)	10,836	4,684	4,259	32	19,811
Total	42,706	39,578	38,676	245	121,205

(a) Data as initially supplied by taxpayers were insufficient to determine the proper tax base for these corporations.
(b) Industry classification was not indicated by taxpayer.

Table 14

CORPORATION FRANCHISE TAX

NUMBER OF CORPORATIONS, BY TAX BASE AND TAX LIABILITY CLASS, TAX YEAR 1988

Tax Liability Class	Number of Corporations by Tax Base				
	Minimum	Net Worth	Net Income	Not Reported *	Total
Minimum	42,706	--	--	--	42,706
$ 50 - 1,000	--	21,665	9,763	101	31,529
1,000 - 2,000	--	6,026	6,059	24	12,109
2,000 - 3,000	--	4,947	5,660	35	10,642
3,000 - 4,000	--	2,056	3,171	13	5,240
4,000 - 5,000	--	1,123	2,609	6	3,738
5,000 - 10,000	--	649	1,743	6	2,398
10,000 - 15,000	--	1,402	4,306	17	5,725
15,000 - 20,000	--	471	1,484	8	1,963
20,000 - 25,000	--	274	783	3	1,060
25,000 - 30,000	--	175	506	1	682
30,000 - 35,000	--	127	343	1	471
35,000 - 50,000	--	223	679	6	908
50,000 - 100,000	--	239	792	7	1,038
100,000 - 200,000	--	68	269	6	343
200,000 - 500,000	--	102	359	9	470
$500,000 & Over	--	31	150	2	183
Total	42,706	39,578	38,676	245	121,205

* Data as initially supplied by taxpayers were insufficient to determine the proper tax base for these corporations.

Table 15

CORPORATION FRANCHISE TAX

REPORTED TAX LIABILITY BY TAX BASE AND INDUSTRY, TAX YEAR 1988

Industry	Tax Liability Before Surtax and Credits By Tax Base					Surtax (b)	Litter Tax - Tier 1(c)	Litter Tax - Tier 2 (c)	Property Tax Credits	Energy & Litter Credits	Tax Liability After Credits
	Minimum	Net Worth	Net Income	Not Reported (a)	Total						
Agriculture & Forestry	$5,725	$194,606	$413,582	---	$613,913	---	$13,657	$1,116	$2,263	---	$626,425
Mining	48,448	6,868,423	7,270,408	$281,907	14,469,186	---	184,441	22,123	355,081	$394	14,321,325
Construction	188,599	4,814,235	22,562,061	963,996	28,528,891	$38	582,791	16,455	252,137	150	28,888,616
Manufacturing	269,666	84,449,862	277,017,733	1,440,901	363,178,162	6,203	3,873,443	309,352	66,276,817	112,688	309,080,703
Transportation	183,205	5,997,015	29,396,929	378,686	35,955,835	583	428,309	13,447	201,921	5,280	36,191,301
Wholesale Trade	161,234	11,362,388	44,663,337	444,996	56,631,955	649	1,007,956	118,887	1,224,027	1,423	56,668,929
Retail Trade	320,526	12,511,489	63,630,949	745,882	77,208,846	113	1,146,818	201,392	478,100	6,647	78,075,291
Finance	364,730	20,537,791	26,299,655	495,391	47,697,567	6	788,815	25,676	1,765,423	250	46,759,347
Service	662,555	13,467,510	47,988,426	794,248	62,912,739	169	1,109,726	59,195	343,545	3,076	63,880,695
Unknown (d)	798,554	8,350,717	22,957,292	126,756	32,233,319	46	571,146	44,861	1,030,350	1,717	31,897,258
Total	$3,003,242	$168,554,036	$542,200,372	$5,672,763	$719,430,413	$7,807	$9,707,102	$812,504	$71,929,664	$131,625	$666,389,890

(a) Data as initially supplied were insufficient to determine the proper tax base for these corporations.
(b) Surtax repealed effective tax year 1988. Figures represent residual payments.
(c) Tier 1 of litter tax is paid by all corporations. Tier 2 of litter tax is paid by only "litter stream" corporations.
(d) Industry classification was not indicated by taxpayer.

Table 16

CORPORATION FRANCHISE TAX

REPORTED TAX LIABILITY BY TAX BASE AND TAX LIABILITY CLASS, TAX YEAR 1988

Tax Liability Class	Tax Liability Before Surtax and Credits By Tax Base					Surtax (b)	Litter Tax - Tier 1(c)	Litter Tax - Tier 2 (c)	Property Tax Credits	Energy & Litter Credits	Tax Liability After Credits
	Minimum	Net Worth	Net Income	Not Reported (a)	Total						
Minimum	$3,003,242	--	--	--	$3,003,242	$6	$3,447	$7,699	$3,002,425	$901	$3,015,481
$ 50 - 1,000	--	$17,866,878	$6,359,148	$6,313	24,232,339	117	275,399	33,021	23,735,009	26,634	6,225,782
1,000 - 2,000	--	4,428,052	4,458,122	17,521	8,903,695	93	203,321	12,540	330,509	794	8,787,746
2,000 - 3,000	--	7,274,761	7,960,808	51,737	15,287,306	177	351,348	21,981	653,183	2,036	15,005,644
3,000 - 4,000	--	5,394,584	7,918,100	32,895	13,345,579	214	302,377	16,781	785,356	162	12,922,382
4,000 - 5,000	--	3,954,099	9,241,436	19,592	13,215,127	206	307,100	13,489	557,182	--	12,978,741
5,000 - 10,000	--	3,000,272	7,781,203	27,008	10,808,483	--	251,504	12,960	352,134	--	10,720,815
10,000 - 15,000	--	10,120,686	30,111,612	128,247	40,360,545	969	918,509	66,687	1,401,630	11,550	39,933,532
15,000 - 20,000	--	6,087,938	18,048,416	99,085	24,235,439	1,918	554,337	73,333	1,009,592	4,036	23,851,403
20,000 - 25,000	--	5,004,628	13,500,882	52,288	18,557,798	--	411,014	52,685	744,272	774	18,276,453
25,000 - 30,000	--	4,035,033	11,444,863	20,337	15,500,233	575	338,845	20,642	594,454	--	15,265,840
30,000 - 35,000	--	3,612,927	9,435,888	29,748	13,078,563	--	288,366	21,285	501,640	210	12,886,363
35,000 - 50,000	--	8,576,696	25,063,922	231,291	33,871,909	828	738,783	45,439	1,538,531	345	33,118,086
50,000 - 100,000	--	16,513,490	52,197,818	465,872	69,177,180	2,703	1,446,991	76,267	4,100,995	5,380	66,596,772
100,000 - 200,000	--	9,357,935	32,183,649	677,920	42,219,504	--	813,050	55,626	2,816,095	--	40,272,065
200,000 - 500,000	--	28,041,172	90,330,781	2,351,248	120,723,201	--	1,786,869	196,726	6,512,527	76,303	116,117,968
$500,000 & Over	--	35,284,885	216,163,724	1,461,661	252,910,270	1	715,842	85,343	23,294,130	2,500	230,414,796
Total	$3,003,242	$168,554,036	$542,200,372	$5,672,763	$719,430,413	$7,807	$9,707,102	$812,504	$71,929,664	$131,625	$666,389,890

(a) Data as initially supplied were insufficient to determine the proper tax base for these corporations.
(b) Surtax repealed effective tax year 1988. Figures represent residual payments.
(c) Tier 1 of litter tax is paid by all corporations. Tier 2 of litter tax is paid by only "litter stream" corporations.

Table 17

CORPORATION FRANCHISE TAX

NUMBER OF MANUFACTURING CORPORATIONS, BY TAX BASE AND INDUSTRY, TAX YEAR 1988

Industry	Number of Corporations by Tax Base				
	Minimum	Net Worth	Net Income	Not Reported *	Total
Food	230	363	360	1	954
Tobacco Manufactures	2	3	9	--	14
Textile Mill Products	18	35	29	--	82
Apparel and Other Textiles	60	81	85	6	232
Lumber and Wood Products	99	137	211	1	448
Furniture and Fixtures	64	83	108	--	255
Paper	99	145	184	5	433
Printing and Publishing	318	432	560	4	1,314
Chemicals	209	364	387	9	969
Petroleum and Coal	52	58	37	--	147
Rubber and Plastics	239	302	364	--	905
Leather Products	17	21	15	--	53
Stone, Clay & Glass Products	144	237	265	3	649
Primary Metal	116	194	138	7	455
Fabricated Metal	788	1,430	1,360	8	3,586
Machinery (non-electrical)	386	710	518	3	1,617
Electrical Machinery	312	471	402	4	1,189
Transportation Equipment	144	160	130	5	439
Instruments and Related Products	106	153	112	2	373
Miscellaneous Manufacturing	259	342	361	3	965
Total	3,662	5,721	5,635	61	15,079

* Data as initially supplied by taxpayers were insufficient to determine the proper tax base for these corporations.

Table 18

CORPORATION FRANCHISE TAX

NUMBER OF MANUFACTURING CORPORATIONS, BY TAX BASE AND TAX LIABILITY CLASS, TAX YEAR 1988

Tax Liability Class	Number of Corporations by Tax Base				
	Minimum	Net Worth	Net Income	Not Reported *	Total
Minimum	3,662	--	--	--	3,662
$ 50 - 1,000	--	2,351	809	18	3,178
1,000 - 2,000	--	760	514	3	1,277
2,000 - 3,000	--	796	557	11	1,364
3,000 - 4,000	--	402	438	3	843
4,000 - 5,000	--	230	372	3	605
5,000 - 10,000	--	138	251	3	392
10,000 - 15,000	--	384	796	7	1,187
15,000 - 20,000	--	156	372	1	529
20,000 - 25,000	--	91	206	1	298
25,000 - 30,000	--	65	183	--	248
30,000 - 35,000	--	56	122	1	179
35,000 - 50,000	--	82	268	1	351
50,000 - 100,000	--	105	339	3	447
100,000 - 200,000	--	30	136	3	169
200,000 - 500,000	--	57	184	3	244
$500,000 & Over	--	18	88	--	106
Total	3,662	5,721	5,635	61	15,079

* Data as initially supplied by taxpayers were insufficient to determine the proper tax base for these corporations.

Table 19

CORPORATION FRANCHISE TAX

REPORTED TAX LIABILITY FOR MANUFACTURING CORPORATIONS, BY TAX BASE AND INDUSTRY CLASSIFICATION, TAX YEAR 1988

Industry	Tax Liability Before Surtax and Credits By Tax Base					Surtax (b)	Litter Tax - Tier 1(c)	Litter Tax - Tier 2 (c)	Property Tax Credits	Energy & Litter Credits	Tax Liability After Credits
	Minimum	Net Worth	Net Income	Not Reported (a)	Total						
Food	$21,100	$5,416,773	$18,930,071	$50	$24,367,994	$1,056	$320,274	$84,842	$2,765,884	$1,187	$22,167,941
Tobacco Manufactures	150	53,319	5,300,844	--	5,354,313	--	21,692	15,052	9,765	--	5,381,292
Textile Mill Products	900	274,587	730,869	--	1,006,356	614	22,418	161	51,423	--	985,438
Apparel and Other Textiles	3,403	283,758	936,362	7,773	1,231,296	722	27,411	100	47,769	536	1,211,746
Lumber and Wood Products	6,922	681,591	4,447,257	71	5,135,841	192	91,369	14,736	312,210	--	4,931,185
Furniture and Fixtures	3,750	307,470	3,222,198	--	3,533,418	--	43,016	8,480	183,806	--	3,409,876
Paper	6,200	2,960,258	10,429,827	393,541	13,789,826	--	172,196	26,533	5,580,008	6,000	10,426,985
Printing and Publishing	24,019	2,568,913	21,789,185	10,316	24,392,433	--	261,250	7,565	2,152,512	502	22,606,430
Chemicals	16,199	10,353,650	38,183,674	321,337	48,874,860	3	510,344	17,477	5,432,942	12,795	44,024,074
Petroleum and Coal	3,550	9,120,089	1,946,031	--	11,069,670	--	73,506	901	1,382,260	--	9,925,828
Rubber and Plastics	18,500	4,438,002	14,499,873	--	18,956,375	307	215,613	7,267	2,967,802	4,870	16,452,573
Leather Products	1,103	341,340	353,550	--	695,993	--	14,096	13	41,522	--	668,582
Stone, Clay & Glass Products	10,100	2,092,696	10,170,405	4,334	12,277,535	--	175,401	18,169	1,900,476	1,235	10,842,805
Primary Metal	11,150	8,464,814	7,906,155	132,248	16,514,367	--	203,966	7,717	6,161,323	510	13,429,352
Fabricated Metal	52,904	6,891,007	31,288,445	200,164	38,432,520	3	684,366	56,063	6,177,193	4,427	33,992,421
Machinery (non-electrical)	31,250	10,555,003	10,813,361	14,388	21,414,002	405	294,429	11,421	3,631,257	74,660	18,741,222
Electrical Machinery	23,001	4,648,616	29,712,918	224,553	34,609,088	2,828	304,506	8,913	6,466,682	597	28,672,216
Transportation Equipment	11,043	12,128,548	53,487,635	116,215	65,743,441	--	197,941	5,283	19,206,995	--	46,882,766
Instruments and Related Products	7,100	1,459,146	4,026,653	15,758	5,508,657	--	91,688	7,634	457,665	--	5,184,345
Miscellaneous Manufacturing	17,322	1,410,282	8,842,420	153	10,270,177	73	147,961	11,025	1,347,323	5,369	9,143,626
Total	$269,666	$84,449,862	$277,017,733	$1,440,901	$363,178,162	$6,203	$3,873,443	$309,352	$66,276,817	$112,688	$309,080,703

(a) Data as initially supplied were insufficient to determine the proper tax base for these corporations.
(b) Surtax repealed effective tax year 1988. Figures represent residual payments.
(c) Tier 1 of litter tax is paid by all corporations. Tier 2 of litter tax is paid by only "litter stream" corporations.

Table 20

CORPORATION FRANCHISE TAX

REPORTED TAX LIABILITY FOR MANUFACTURING CORPORATIONS, BY TAX BASE AND TAX LIABILITY CLASS, TAX YEAR 1988

Tax Liability Class	Tax Liability Before Surtax and Credits By Tax Base					Surtax (b)	Litter Tax - Tier 1 (c)	Litter Tax - Tier 2 (c)	Property Tax Credits	Energy & Litter Credits	Tax Liability After Credits
	Minimum	Net Worth	Net Income	Not Reported (a)	Total						
Minimum	$269,666	--	--	--	$269,666	--	$823	$409	$2,712,885	$1	$265,189
$ 50 - 1,000	--	$12,411,303	$3,877,865	$1,422	16,290,590	$29	129,958	5,279	21,193,317	21,913	563,550
1,000 - 2,000	--	712,681	478,509	2,289	1,193,479	--	26,607	1,149	288,179	--	933,056
2,000 - 3,000	--	1,517,800	959,727	15,370	2,492,897	39	54,551	1,255	594,536	1,936	1,952,271
3,000 - 4,000	--	1,450,433	1,274,390	8,066	2,732,889	105	54,345	4,468	750,175	--	2,084,580
4,000 - 5,000	--	932,639	1,592,181	9,575	2,534,395	92	57,807	2,625	503,441	--	2,091,479
5,000 - 10,000	--	740,276	1,263,365	13,418	2,017,059	--	46,343	2,934	305,266	--	1,761,069
10,000 - 15,000	--	3,193,829	6,240,215	55,647	9,489,691	803	212,141	18,062	1,242,809	6,401	8,471,489
15,000 - 20,000	--	2,242,008	4,903,772	10,150	7,155,930	1,029	161,560	19,147	817,288	2,959	6,517,419
20,000 - 25,000	--	1,878,019	3,743,558	15,147	5,636,724	--	120,471	11,649	618,666	--	5,150,180
25,000 - 30,000	--	1,614,402	4,350,285	--	5,964,687	575	132,257	6,201	533,428	--	5,570,292
30,000 - 35,000	--	1,677,846	3,505,218	29,748	5,212,812	--	113,411	8,027	415,521	--	4,918,729
35,000 - 50,000	--	3,453,246	10,366,612	43,148	13,863,006	828	306,969	14,951	1,350,247	295	12,835,211
50,000 - 100,000	--	7,917,980	23,939,474	239,768	32,097,222	2,703	666,775	31,663	3,715,965	380	29,082,023
100,000 - 200,000	--	4,970,134	16,933,422	336,696	22,240,252	--	421,078	24,619	2,664,489	--	20,021,459
200,000 - 500,000	--	16,964,478	48,479,510	660,455	66,104,443	--	935,024	108,876	5,514,857	76,303	61,557,210
$500,000 & Over	--	22,772,788	145,109,630	2	167,882,420	--	433,323	48,038	23,055,748	2,500	145,305,497
Total	$269,666	$84,449,862	$277,017,733	$1,440,901	$363,178,162	$6,203	$3,873,443	$309,352	$66,276,817	$112,688	$309,060,703

(a) Data as initially supplied were insufficient to determine the proper tax base for these corporations.
(b) Surtax repealed effective tax year 1988. Figures represent residual payments.
(c) Tier 1 of litter tax is paid by all corporations. Tier 2 of litter tax is paid by only "litter stream" corporations.

Table 21

CORPORATION FRANCHISE TAX

NUMBER OF FINANCIAL INSTITUTIONS AND REPORTED TAX LIABILITY, BY TYPE OF INSTITUTION, TAX YEAR 1988

	Number of Corporations by Type				Tax Liability by Type			
	Banks	Savings & Loans	Other	Total	Banks	Savings & Loans	Other	Total
$ 0 - 1,000	18	33	11	62	$1,825	$1,045	$504	$3,374
1,000 - 2,000	1	3	0	4	1,242	3,507	0	4,749
2,000 - 3,000	1	1	2	4	2,876	2,320	5,144	10,340
3,000 - 4,000	1	1	0	2	3,634	3,820	0	7,454
4,000 - 5,000	0	1	0	1	0	4,907	0	4,907
5,000 - 10,000	4	2	3	9	31,972	15,334	19,492	66,798
10,000 - 15,000	8	14	0	22	93,400	177,595	0	270,995
15,000 - 20,000	15	14	2	31	266,282	250,470	34,002	550,754
20,000 - 25,000	13	12	1	26	298,070	265,809	21,547	585,426
25,000 - 30,000	13	12	3	28	351,551	331,577	79,964	763,092
30,000 - 35,000	13	14	0	27	419,255	463,226	0	882,481
35,000 - 50,000	43	29	1	73	1,256,938	1,211,510	35,160	2,503,608
50,000 - 100,000	76	36	2	114	5,288,024	2,418,103	143,167	7,849,294
100,000 - 200,000	57	29	1	87	8,085,829	3,950,995	123,062	12,159,886
200,000 - 500,000	43	16	0	59	13,276,334	4,555,359	0	17,831,693
$500,000 & Over	30	8	1	39	58,553,256	7,046,476	545,657	66,145,389
Total	336	225	27	588	$87,930,488	$20,702,053	$1,007,699	$109,640,240

ENERGY CREDIT PROGRAM

The Ohio Energy Credit Program provides credits or direct cash payments for the winter heating bills of qualified elderly and disabled individuals. All applications for the program are filed with and processed by the Ohio Department of Taxation.

There were no changes in the eligibility requirements, level of benefits or administrative procedures for the 1988-89 Energy Credit Program heating season.

Table 22 shows the number of approved applicants in each county by the type of heating fuel used to heat the residence for the 1988-89 heating season. The total number of applicants was 146,376. These 146,376 individuals received about $24 million in cash payments or utility bill credits for the 1988-89 heating season. Of the applicants heating their households with gas, electricity or pipeline propane, 29,734 had incomes less than $5,000, and 83,754 had incomes between $5,000 and $9,000. The remaining 32,888 receiving the $125 cash payment heated their households with fuel oil, coal, wood, kerosene, or non-pipeline propane.

DESCRIPTION OF PROGRAM:

The 1988-1989 heating season program provided 25% and 30% credits on heating bills or a direct cash payment of $125 to qualified individuals. To qualify for the program, an individual must: (1) have been head of household or spouse; (2) have turned 65 years of age prior to January 1, 1989; (3) have had total 1987 income or an expected 1988 income (including income of spouse) of $5,000 or less to receive a 30% credit, or have had total 1987 income or an expected 1988 income of more than $5,000 but less than $9,000 to receive a 25% credit.

Qualified applicants who heated their households with gas, electricity or propane delivered by pipeline were granted the percentage credit on the bills received for those fuels during the months of December, 1988 through April, 1989. Qualified applicants who heated their homes with fuel oil, bottled propane, coal, wood, or kerosene, shared a meter for heating fuel, or paid for heat included with their rent payments received the $125 cash payment.

The credits and direct payments which were given to eligible program participants are the result of the administrative efforts of the Tax Commissioner and the utility companies. The Tax Commissioner issued warrants to those individuals designated to receive a $125 cash payment. By the 15th of each month, the utility companies certified to the Tax Commissioner the total reduction in utility charges for the previous month as a result of this program. The Tax Commissioner reimbursed them for the amount certified within 30 days of receipt of certification. Additionally, the Tax Commissioner prescribed the certification procedure and forms for energy companies entitled to the reimbursement for the 25% and 30% discount granted to customers.

APPLICATION AND CREDIT PROCESS:

All applications for the energy credit program are filed with the Department of Taxation. The Tax Commissioner verifies the information on the application and certifies the eligibility for the applicants. The energy companies supplying electricity, gas, or propane delivered by pipeline are issued the names of those eligible for the 25% or 30% credit. The Tax Commissioner also pays those individuals who are eligible for the $125 payment.

OHIO REVISED CODE CITATIONS:

Sections 122.64 to 122.69, 4933.123, 5117.01 to 5117.12, 5117.21 to 5117.29, and 5117.99.

Table 22

ENERGY CREDIT PROGRAM

NUMBER OF APPROVED APPLICATIONS, BY COUNTY AND TYPE OF AID: 1988-89 HEATING SEASON

County	$125 Cash Payment	30% Credit	25% Credit	Total	County	$125 Cash Payment	30% Credit	25% Credit	Total
Adams	759	118	145	1,022	Lorain	249	529	1,820	2,598
Allen	177	274	916	1,367	Lucas	784	1,213	3,996	5,993
Ashland	140	99	369	608	Madison	92	93	215	400
Ashtabula	482	300	1,006	1,788	Mahoning	719	1,211	3,574	5,504
Athens	508	222	374	1,104	Marion	148	300	624	1,072
Auglaize	142	102	349	593	Medina	157	113	488	758
Belmont	467	310	900	1,677	Meigs	416	129	243	788
Brown	491	101	159	751	Mercer	146	60	290	496
Butler	711	626	1,547	2,884	Miami	201	229	721	1,151
Carroll	199	64	158	421	Monroe	179	129	160	468
Champaign	163	95	253	511	Montgomery	758	1,460	3,621	5,839
Clark	267	552	1,290	2,109	Morgan	174	78	124	376
Clermont	790	113	327	1,230	Morrow	233	53	139	425
Clinton	208	121	231	560	Muskingum	321	383	946	1,650
Columbiana	715	411	1,285	2,411	Noble	121	81	117	319
Coshocton	194	130	347	671	Ottawa	154	59	250	463
Crawford	135	154	545	834	Paulding	149	49	136	334
Cuyahoga	2,314	5,183	14,978	22,475	Perry	234	157	360	751
Darke	240	158	392	790	Pickaway	195	157	261	613
Defiance	175	69	250	494	Pike	638	75	137	850
Delaware	157	91	227	475	Portage	434	170	572	1,176
Erie	120	163	595	878	Preble	187	75	215	477
Fairfield	330	293	827	1,450	Putnam	144	59	188	391
Fayette	130	145	293	568	Richland	265	291	990	1,546
Franklin	626	2,078	5,263	7,967	Ross	695	225	445	1,365
Fulton	125	66	191	382	Sandusky	171	126	508	805
Gallia	493	112	185	790	Scioto	1,291	508	981	2,780
Geauga	274	34	134	442	Seneca	191	167	496	854
Greene	189	190	462	841	Shelby	143	94	239	476
Guernsey	219	192	466	877	Stark	736	1,120	3,718	5,574
Hamilton	2,744	1,636	4,724	9,104	Summit	531	1,320	4,458	6,309
Hancock	104	140	443	687	Trumbull	514	574	1,925	3,013
Hardin	126	145	339	610	Tuscarawas	355	305	1,097	1,757
Harrison	188	52	119	359	Union	116	69	144	329
Henry	128	57	166	351	Van Wert	87	101	322	510
Highland	640	173	338	1,151	Vinton	283	63	65	411
Hocking	214	99	206	519	Warren	385	133	320	838
Holmes	102	53	99	254	Washington	205	335	654	1,194
Huron	248	116	416	780	Wayne	222	157	593	972
Jackson	564	257	434	1,255	Williams	138	102	318	558
Jefferson	583	301	916	1,800	Wood	177	157	545	879
Knox	167	157	472	796	Wyandot	74	62	206	342
Lake	384	316	1,349	2,049	County Not				
Lawrence	837	392	710	1,939	Indicated	1	1	2	4
Licking	274	353	941	1,568					
Logan	232	149	395	776	Total	32,888	29,734	83,754	146,376

ESTATE TAX

The basic Ohio estate tax is levied against the value of a resident decedent's gross estate less deductions and exemptions. Graduated rates range through six taxable estate brackets from 2% on taxable values of under $40,000 to $23,600 plus 7% on that portion of taxable value which exceeds $500,000. Each estate also receives a $500 tax credit. Large estates may also be subject to an "additional" tax which is levied solely to ensure full benefit to Ohio of credits the federal government allows taxpayers against federal estate tax liability for their payment of state death taxes. Ohio also taxes nonresident estates on property values attributable to Ohio.

Taxes paid on the basic resident estate tax amounted to $151,596,113 on 20,954 taxable estates in fiscal 1989, compared to $135,009,471 on 20,342 taxable estates in fiscal 1988. In fiscal 1989, 1,363 estates, 6.5% of the total number of estates generating tax, had net taxable value of $500,000 or more and yielded approximately $87.6 million in aggregate taxes, or 57.8 percent of the statewide total for the basic resident estate tax.

Additional revenues of $8,959,962 were attributable to net interest and penalties, the "additional" tax, nonresident returns, and the former inheritance tax for estates finalized in fiscal 1989. Of this amount, the "additional" tax levied against 43 estates accounted for $4,100,907; the nonresident tax levied against 555 estates accounted for $1,282,961; and the former inheritance tax (effective for estates of decedents dying before July 1, 1968) levied against 51 estates accounted for $19,467.

The Estate Tax Division also completed audits and finalized returns for 32,641 non-taxable estates in fiscal 1989.

Data on number of estates, gross and net valuations, and tax paid for the basic resident estate tax are shown by net taxable value (tax rate) bracket in Table 23. These statistics are presented by fiscal year in Table 24, and by county of probate in Table 25.

Data compiled from 20,954 taxable estates finalized during fiscal 1989 show that the number of taxable estates taking the marital deduction declined slightly since fiscal 1988. In fiscal 1989, 2,027 estates deducted $452.2 million in value through the marital deduction, compared to 2,062 estates and $427.9 million in deductions in fiscal 1988. In addition, 21,483 non-taxable returns deducted $1.6 billion in value in fiscal 1989.

RESIDENT ESTATE TAX

TAX BASE:

The "net taxable estate," i.e., value of a decedent's gross estate, less deductions (R.C. 5731.15-.17, inclusive). In general, the gross estate equals the aggregate market value at time of death, or on the alternate valuation date (see **SPECIAL PROVISIONS**), of all property, wherever situated, held by the decedent, except real and tangible personal property situated outside of Ohio, and "qualified farm property," which may be valued according to its "actual qualified use" (R.C. 5731.01, 5731.011, 5731.03-.13, inclusive).

The "net taxable estate" equals the gross estate less the following deductions:

- Marital deduction, where there is a surviving spouse;
- Funeral expenses and costs of administering the estate;
- Outstanding and unpaid claims against the estate at time of decedent's death;
- Unpaid mortgage or other indebtedness against property where total value is included within the gross estate valuation;
- Charitable deductions.

RATES:

Rates are generated through six "taxable estate" brackets (R.C. 5731.02), as shown in the Estate Tax Exhibit (page 32).

NON-FILING REQUIREMENTS:

Resident estates with gross values under $25,000 and no real property are exempt from filing returns (R.C. 5731.21).

MARITAL DEDUCTION:

A deduction for the value of an estate passed to a surviving spouse is the lesser of the following:

1. the amount allowed or that would be allowable as the federal marital deduction, or
2. the greater of $500,000 or one-half of the Ohio adjusted gross estate (gross estate less other allowable deductions).

TAX CREDITS:

$500 or the full amount of tax, whichever is less (R.C. 5731.02).

TAXPAYER:

Administrator, executor, other estate representative, or person in possession of the property subject to tax.

TAX RETURN AND TAX PAYMENT DEADLINES:

In general, as follows:

Tax Return -- To be filed within 9 months of decedent's death with probate court of county in which estate is administered, unless an extension is granted (R.C. 5731.21);

Tax Payment -- Due within 9 months of decedent's death, to treasurer of county in which decedent resided (R.C. 5731.23).

SPECIAL PROVISIONS:

1. **Additional Tax (R.C. 5731.18)**: The Ohio additional tax is a pick-up tax that captures any unused portion of the allowable federal estate tax credit for state death taxes paid where the federal credit actually exceeds the Ohio estate taxes assessed. The tax is levied in an amount equal to the difference between the maximum allowable federal credit for state death taxes paid and state death taxes actually paid to Ohio or to any other U.S. state, territory, or the District of Columbia. Due to the interaction of the federal state death tax credit schedule and the Ohio estate tax rate structure, this tax in general affects only large estates.
2. **Alternate Valuation Date (R.C. 5731.01)**: An alternate valuation date may be elected, which is the date six months after the decedent's death, or, in the case of its earlier disposition, on such date of disposition. If the alternate valuation date is elected, the election is required to be made within one year from the time the return is required to be filed.
3. **Undue Hardship Provision (R.C. 5731.25)**: Under certain conditions, an extension of time to pay Ohio estate tax because of undue hardship applies. An estate may receive an extension of the time to pay the estate tax not to exceed 1 year beyond the time the tax would otherwise be due if conditions exist caused by undue hardship as defined in R.C. 5731.25. In the case of continuing undue hardship, the estate may apply for an additional extension(s). The total of all extensions granted may not exceed 14 years.
4. **Qualified Farm Property Valuation and Recapture Provision (R.C. 5731.011)**: Under certain conditions, an estate may elect to have farm property passed to a qualified heir valued at its agricultural use value. A prospective supplemental tax lien remains on the property for four years when this election is used; the lien is equal to the tax savings due to the election and becomes effective if the farm property is disposed of (other than to another qualified heir), or ceases to be devoted exclusively to agricultural use within the four year limitation.

NONRESIDENT ESTATE TAX AND ADDITIONAL TAX

ESTATE SUBJECT TO TAX (R.C. 5731.19):

That portion of a nonresident decedent's estate which is attributable to Ohio (i.e., in general, real property and tangible personalty located or having a situs in Ohio, and intangible personal property used in business within Ohio unless exempt pursuant to R.C. 5731.34).

TAX RATES AND TAX CALCULATION FORMULA:

Tax is determined (for both nonresident estate and nonresident additional taxes) by (1) calculating tax which would be due from the estate, at rates applicable to resident estates, if decedent had died a resident of Ohio with all property situated or located in Ohio, and (2) multiplying the resultant amount by a fraction representing the ratio of gross estate value attributable in Ohio to gross estate value wherever situated.

RESIDENT AND NONRESIDENT ESTATE TAXES AND ADDITIONAL TAXES

DISPOSITION OF REVENUE (R.C. 5731.48-5731.51):

Sixty-four percent of gross taxes levied and paid to municipal corporation or township in which tax originates (50 percent if derived from estates of decedents dying prior to July 1, 1983). In general, for revenue distribution purposes, tax on the transfer of real and tangible personal property located within Ohio originates in the municipal corporation(s) or township(s) in which such property is physically located. In the case of a resident decedent's intangible or tangible personalty located outside of Ohio, domicile of the decedent is determinative; in the case of intangibles of a nonresident decedent, origin is derived from Ohio domicile, location or place of business or custody of the person, bank, institution, or other entity having such property in possession or custody.

Thirty-six percent, less costs of administration, to state General Revenue Fund (50 percent if date of death was prior to July 1, 1983).

OHIO REVISED CODE CITATIONS:

Chapter 5731.

RECENT LEGISLATION:

Am. Sub. House Bill 111, effective July 1, 1989

5731.05: Revises "transfers made in contemplation of death" to exclude from the gross estate the first $10,000 per transferee per year within the three years prior to death.

5731.131: Amended to reflect revised federal estate tax and federal gift tax statutes with respect to the election to include a decedent's qualified terminable interest property in determining the marital deduction.

5731.15: For decedents with dates of death on or after July 1, 1991, the marital deduction will be the greater of $1 million or one-half the adjusted gross estate (subject to a federal marital deduction of lesser value). For decedents with dates of death on or after July 1, 1993, the marital deduction shall be the full value of property included in the gross estate which is passed to the surviving spouse.

5731.48: For decedents with dates of death on or after July 1, 1991, 67 percent of the gross amount of taxes levied under Revised Code Chapter 5731 will be allocated to the municipal corporation or township of origin, with the remainder (less costs of administration) allocated to the state general revenue fund.

5747.01: A taxpayer may no longer make the same deduction on both the Ohio income tax and Ohio estate tax returns. As a result, the deduction for administrative expenses must be added back on either the Ohio income tax return or the Ohio estate tax return.

ESTATE TAX EXHIBIT

TAXABLE ESTATE BRACKETS (R.C. 5731.02)

Taxable Estates of	Tax Rate Imposed
Not over $40,000	2% of taxable estate
Over $ 40,000 but not over 100,000	$ 800 + 3% of excess over $ 40,000
Over 100,000 but not over 200,000	2,600 + 4% of excess over 100,000
Over 200,000 but not over 300,000	6,600 + 5% of excess over 200,000
Over 300,000 but not over 500,000	11,600 + 6% of excess over 300,000
Over $500,000	23,600 + 7% of excess over 500,000

Table 23

ESTATE TAX

DISTRIBUTION OF TAXABLE ESTATES, GROSS AND NET VALUES, AND ESTATE TAXES PAID, BY NET TAXABLE VALUE BRACKETS, FISCAL YEAR 1989* (Resident Estate Tax Only)

Net Taxable Value	Number of Estates	Aggregate Gross Value	Aggregate Net Taxable Value	Aggregate Tax Paid
Under $40,000	3,621	$ 190,903,488	$ 114,161,080	$ 552,421
40,000 - 100,000	7,976	693,063,736	521,215,008	8,480,834
100,000 - 200,000	4,777	865,696,977	670,086,580	17,731,425
200,000 - 300,000	1,823	535,180,497	442,022,495	14,995,402
300,000 - 500,000	1,394	650,434,220	531,142,556	22,187,414
Over $500,000	1,363	1,972,812,187	1,492,884,730	87,648,617
Total	20,954	$4,908,091,105	$3,771,512,449	$151,596,113

* Statistics are derived from returns on which audits were completed and final certificates of determination were issued during fiscal year 1989. Totals may not match Tables 24 and 25 due to rounding.

NOTE: Data shown here represent the basic resident Ohio estate tax only. Taxes paid of $151,596,113 do not include $4,100,907 in "additional" taxes paid, $1,282,961 in taxes paid on 555 nonresident estates, $2,089,868 in interest and penalties paid and $1,486,226 in revenues not otherwise categorized. Also not included are net payments representing 51 taxable returns finalized under the former inheritance tax law. Payments were made in the amount of $51,891 and refunds were issued in the amount of $32,424 resulting in net receipts of $19,467.

Table 24

ESTATE TAX

NUMBER OF ESTATES, AGGREGATE GROSS & NET VALUE, AND AGGREGATE TAXES PAID, FISCAL YEARS 1986-1989 (Resident Estate Tax Only)

Fiscal Year	Number of Estates	Aggregate Gross Value	Aggregate Net Taxable Value	Aggregate Taxes Paid
1986	18,490	$3,493,083,447	$ 2,642,965,071	$ 95,972,681
1987	20,663	4,169,655,389	3,186,795,152	119,809,628
1988	20,342	4,471,889,234	3,455,244,717	135,009,471
1989	20,954	4,908,091,105	3,771,512,448	151,596,113

ESTATE TAX

NUMBER OF ESTATES, AGGREGATE GROSS & NET TAXABLE VALUES, AND TAX PAID, BY COUNTY OF PROBATE, FISCAL YEAR 1989* (Resident Estates Only)

County	Number of Estates	Gross Estate Value	Net Taxable Value	Tax Paid**	County	Number of Estates	Gross Estate Value	Net Taxable Value	Tax Paid**
Adams	29	$3,213,088	$2,412,924	$54,825	Licking	251	$60,794,283	$50,135,746	$2,184,591
Allen	220	34,632,856	28,216,537	889,724	Logan	75	15,626,752	11,277,786	403,781
Ashland	102	19,205,701	15,271,620	539,372	Lorain	442	70,708,632	59,372,247	1,988,018
Ashtabula	167	28,166,918	22,058,866	715,753	Lucas	1,018	250,214,030	194,662,699	8,351,051
Athens	57	9,085,757	7,514,984	265,460	Madison	58	10,887,091	8,136,875	254,328
Auglaize	74	18,424,997	13,530,373	515,577	Mahoning	510	85,834,509	72,110,118	2,556,297
Belmont	172	35,081,661	25,925,293	978,317	Marion	116	21,275,557	17,480,897	636,096
Brown	48	11,788,983	10,828,473	452,775	Medina	165	32,985,330	27,192,123	1,054,474
Butler	394	82,132,347	64,900,049	2,470,447	Meigs	43	4,389,460	3,939,834	102,169
Carroll	41	12,786,364	6,606,672	261,686	Mercer	87	15,647,756	12,195,593	421,301
Champaign	50	11,064,755	8,198,673	314,073	Miami	221	46,089,472	35,505,289	1,328,396
Clark	245	43,794,485	35,245,336	1,257,296	Monroe	34	3,285,857	2,722,433	64,832
Clermont	178	37,191,366	30,510,510	1,240,166	Montgomery	1,061	246,149,066	196,274,362	7,793,060
Clinton	79	19,242,253	15,516,616	592,833	Morgan	30	3,454,971	3,120,984	90,801
Columbiana	201	34,104,835	25,894,399	863,408	Morrow	46	6,175,698	5,152,164	152,283
Coshocton	83	13,958,839	12,230,226	442,502	Muskingum	171	35,320,984	27,413,147	1,082,471
Crawford	129	28,138,776	21,115,460	796,919	Noble	31	4,807,048	3,885,815	126,243
Cuyahoga	3,351	904,533,940	670,162,019	28,606,321	Ottawa	115	20,120,481	15,867,415	504,138
Darke	151	24,377,529	20,715,995	654,711	Paulding	37	5,436,670	3,887,579	100,861
Defiance	112	17,423,595	14,212,648	426,261	Perry	56	7,464,347	6,587,657	197,929
Delaware	133	29,878,882	21,329,286	781,980	Pickaway	60	16,265,021	9,925,441	361,751
Erie	176	35,939,335	27,781,173	966,512	Pike	29	5,227,096	3,821,043	127,500
Fairfield	212	49,523,381	40,367,000	1,715,860	Portage	183	31,583,738	24,648,987	827,219
Fayette	54	12,197,695	9,899,083	389,247	Preble	66	10,066,191	8,001,066	237,158
Franklin	1,442	405,160,246	297,651,920	12,608,865	Putnam	81	15,214,870	12,664,418	429,086
Fulton	115	22,672,843	17,800,032	606,303	Richland	243	46,937,047	34,483,985	1,251,619
Gallia	55	7,249,155	5,880,811	157,108	Ross	110	24,320,637	21,001,885	878,547
Geauga	120	33,086,399	24,297,642	1,026,023	Sandusky	140	25,512,086	19,583,420	680,861
Greene	166	49,423,498	40,051,985	1,805,101	Scioto	130	29,066,653	20,748,768	836,659
Guernsey	65	8,713,002	6,948,759	206,987	Seneca	165	25,451,422	20,865,279	641,743
Hamilton	1,911	690,817,133	518,227,202	24,370,760	Shelby	84	19,087,264	14,206,803	488,505
Hancock	148	33,565,179	24,746,151	932,234	Stark	687	130,671,326	109,606,246	4,197,018
Hardin	77	13,616,536	11,501,546	380,086	Summit	1,020	214,899,755	166,754,749	6,311,526
Harrison	31	5,399,621	4,445,102	156,973	Trumbull	454	77,286,031	60,789,783	2,167,126
Henry	98	21,516,117	17,396,969	623,453	Tuscarawas	206	33,040,305	27,049,391	903,012
Highland	77	13,290,950	10,818,486	357,842	Union	54	21,451,082	10,226,561	398,658
Hocking	44	5,562,209	3,842,222	85,846	Van Wert	77	13,150,913	10,866,829	344,685
Holmes	52	7,676,165	6,882,649	224,066	Vinton	22	6,043,859	4,145,615	173,715
Huron	123	20,733,356	16,161,742	545,091	Warren	136	30,685,588	22,515,295	841,742
Jackson	49	7,929,078	7,084,506	262,018	Washington	108	23,334,927	18,630,742	764,826
Jefferson	140	21,435,888	18,191,177	641,457	Wayne	183	36,631,521	28,095,553	991,637
Knox	92	14,859,128	12,684,985	416,181	Williams	110	17,830,085	14,270,182	452,741
Lake	373	99,216,048	68,439,561	2,857,076	Wood	229	80,085,864	64,122,991	3,168,074
Lawrence	75	10,211,408	8,420,076	251,179	Wyandot	99	19,557,532	15,548,915	545,487
					Total	20,954	$4,908,091,105	$3,771,512,447	$152,120,689

* Statistics are derived from returns filed in fiscal year 1989 on which audits were completed and final certificates were issued.

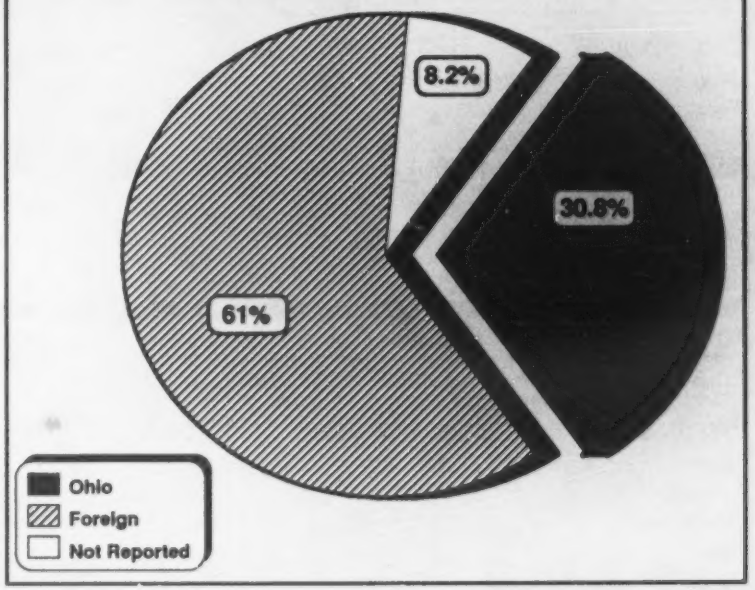
** Amounts shown as tax paid include interest in the amount of $524,576. Amount paid does not include additional tax (i.e., pick-up tax) or interest on installment estates. For additional amounts, see "NOTE" on Table 23 (page 33).

HIGHWAY USE TAX

The highway use tax is an axle-mile tax levied on commercial vehicles in relation to varying combinations of number of axles and miles traveled by the vehicles. Enacted in 1953, it was intended primarily for highway bond retirement and is still used mainly for that purpose. In fiscal year 1989 highway use tax liabilities were approximately $67.1 million and there were 217,978 new highway use permits issued, yielding another $0.4 million.

The highway use tax rates range from 0.5 cent per mile to 2.5 cents per mile depending on the number of axles of the vehicle. As in past years, the majority of the tax revenue in fiscal year 1989 was generated by those vehicles in the two-cents-per-mile bracket. Vehicles in this rate bracket also represented the majority of permit holders.

Highway Use Tax Liability, by Type of Permit
Fiscal Year 1989 Total Liability – $67.1 Million



BASE AND RATES (R.C. 5728.06):

The highway use tax is levied on the following vehicles for each mile traveled on a public highway in Ohio at the rates shown:

Vehicle	Rate
Commercial car with 3 or more axles	0.5 cent per mile
Commercial car tandem with 3 axles, and each commercial tractor operated as part of a commercial tractor combination with 3 axles	1 cent per mile
Commercial tractor operated as part of a commercial tractor combination with 4 axles	1.5 cents per mile
Commercial tractor operated as part of a commercial tractor combination with a total of 5 or more axles	2 cents per mile
Commercial car or commercial tractor operated as part of a commercial tandem with 4 or more axles	2.5 cents per mile

EXEMPTIONS (R.C. 5728.01, 5728.13):

1. Vehicles owned and operated by the U.S. Government, the State of Ohio, or any political subdivisions thereof;
2. Vehicles owned by nonresidents of Ohio while engaged solely in interstate transportation of household goods in Ohio, provided the owners are residents of a state which grants reciprocity to Ohio;
3. Miles driven on the Ohio Turnpike.

PAYMENT DATES (R.C. 5728.08):

Jan. 31 Apr. 30 July 31 Oct. 31	Return and payment due for preceding three months.

DISPOSITION OF REVENUE (R.C. 5728.08):

Specified highway bond retirement funds as long as needed; thereafter, all to the highway operating fund except an appropriation for the administration of the tax.

OHIO REVISED CODE CITATIONS:

Chapter 5728.

RECENT LEGISLATION:

House Bill 64, Effective January 1, 1990.

R.C. 5728.03, 5728.06: Allows for the issuance of a single trip permit. Allows permit holder to be either the owner or lessee. Requires that the permit holder be solely responsible for payment of the tax.

Table 26

HIGHWAY USE TAX

LIABILITY BY TYPE OF PERMIT HOLDERS, FISCAL YEARS 1985-1989

Permit Holders	1985	1986	1987	1988	1989
Ohio	$18,308,713	$20,114,001	$19,744,845	$19,944,677	$20,678,553
Foreign	29,897,146	33,397,020	34,739,801	37,421,091	40,872,327
Unidentified	2,832,099	3,544,408	4,309,864	4,842,282	5,502,236
Total	$51,037,958	$57,055,429	$58,794,510	$62,208,050	$67,053,117

Table 27

HIGHWAY USE TAX

LIABILITY BY TYPE OF PERMIT HOLDER AND TAX RATE CLASSIFICATION, FISCAL YEAR 1989

Permit Holders	0.5 cent	1 cent	1.5 cents	2 cents	2.5 cents	Total
Ohio	$1,172,532	$266,427	$1,194,162	$17,311,286	$ 734,146	$20,678,553
Foreign	100,495	348,539	1,604,045	34,534,335	4,284,913	40,872,327
Unidentified	20,429	38,835	202,602	4,565,404	674,965	5,502,236
Total	$1,293,456	$653,802	$3,000,810	$56,411,025	$5,694,024	$67,053,117
Fees from New Permits*						435,956
Grand Total						$67,489,073

* Total number of new permits issued: 217,978 (permit fee is two dollars)

Table 28

HIGHWAY USE TAX

AVERAGE NUMBER OF HIGHWAY USE TAX PERMITS AND TOTAL MILEAGE SUBJECT TO TAX BY TAX RATE CLASSIFICATION, FISCAL YEAR 1989

Number of Permit Holders

Permit Holders	0.5 cent	1 cent	1.5 cents	2 cents	2.5 cents	Total
Ohio	60,563	8,975	20,014	193,478	12,651	295,681
Foreign	9,980	36,632	65,011	934,063	99,666	1,145,352
Unidentified	981	1,241	5,000	148,837	15,408	171,467
Total	71,524	46,848	90,025	1,276,378	127,725	1,612,500

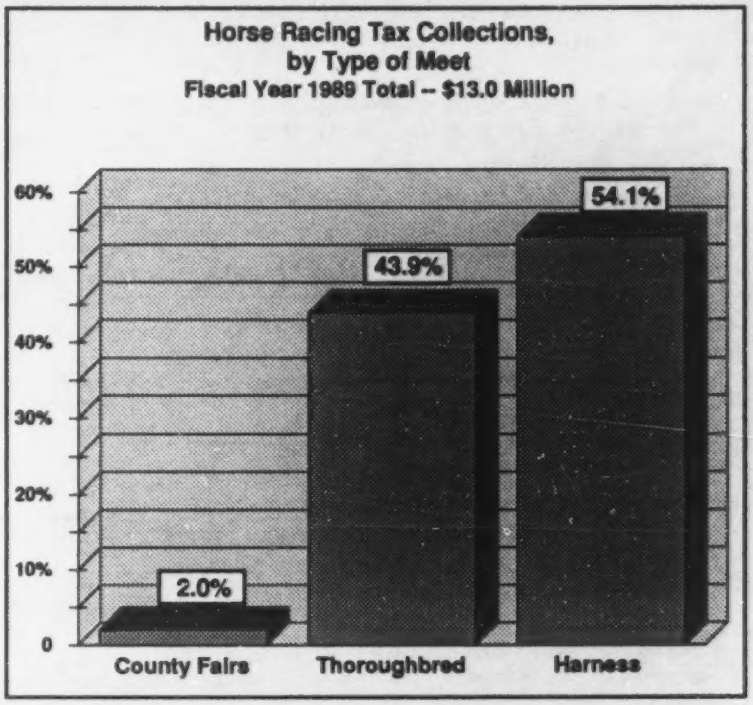
Mileage

Permit Holders	0.5 cent	1 cent	1.5 cents	2 cents	2.5 cents	Total
Ohio	234,506,368	26,642,729	79,610,815	865,564,290	29,365,852	1,235,690,054
Foreign	20,099,035	34,853,915	106,936,343	1,726,716,773	171,396,500	2,060,002,566
Unidentified	4,085,885	3,883,538	13,506,817	228,270,211	26,998,598	276,745,049
Total	258,691,288	65,380,182	200,053,975	2,820,551,274	227,760,950	3,572,437,669

HORSE RACING TAX

Ohio has permitted horse racing and pari-mutuel wagering on horse racing since 1933. The regulation of horse racing is the responsibility of the State Racing Commission, which consists of five members appointed by the Governor and confirmed by the Ohio Senate. The State Racing Commission issues racing permits and sets the racing dates for each meet. Since 1953, the Department of Taxation has administered the tax on pari-mutuel wagering.

Permit holders retain 18% of all money wagered and 3.5% of "exotic" wagering as their commission, subject to payments to the State Tax Commissioner of the taxes on pari-mutuel and exotic racing.



Fifty percent of the commission (after state taxes) must be used for purse money and, in addition, part of the commission, along with a portion of the state's wagering tax, is used to develop and promote horse breeding and racing in Ohio. Permit holders also retain the breakage (the odd cents remaining after pari-mutuel winning tickets are paid off at the next lowest multiple of ten cents). However, 40% of this amount must be used for purse money and 25% must be paid to the Horsemen's Health and Retirement Fund. Another source of revenue to permit holders is the authorization to conduct pari-mutuel wagering on televised simulcasts of racing at other tracks.

To encourage the construction and improvement of racing facilities, there are two capital improvement plans that reduce the tax liability of permit holders. The first is a reduction of 3/4 of 1% of the amount wagered for the construction of a new facility or the improvement of an existing track. The second is a reduction of 1.5% of the amount wagered for the major renovation of an existing facility if the cost is $10 million or more and if the project was approved prior to March 29, 1988. These projects must be approved by the State Racing Commission and can run concurrently.

The tax on total wagering of $472.4 million in fiscal year 1989 provided $13.0 million in tax revenue and funds for horse racing development in Ohio.

TAX BASE (R.C. 3769.08, 3769.081, 3769.087, 3769.089):

1. Amount wagered each day on all pari-mutuel racing.
2. Amount wagered each day on exotic races.
3. Total amount wagered at each horse race meeting of a permit holder.

RATES:

1. **Pari-mutuel wagering tax (R.C. 3769.08):**

Amount Wagered Daily	Harness and Quarter Horse, Racing*	Thoroughbred Racing
First $200,000	2.125%	1%
Next 100,000	3.125	2
Next 100,000	4.125	3
Over 400,000	5.125	4

* Includes 1.125% for special funds paid by permit holders from their commission.

2. **Exotic Wagering Tax (R.C. 3769.087):** In addition to the pari-mutuel wagering tax, there is a special tax of 2.5% of the amount wagered daily

RATES: (cont'd)

on other than win, place, and show. This is termed "exotic" wagering and is on the following special events:

Daily Double - Selecting and wagering on the winning horses in two designated races;

Perfecta - Selecting and wagering on the first and second place horses in order of finish in a designated race;

Quinella - Selecting and wagering on the first and second place horses but not necessarily in the order of finish in a designated race;

Trifecta - Selecting and wagering on the first, second, and third place horses in order of finish in a designated race.

3. **Additional Pari-Mutuel Wagering Tax (R.C. 3769.081)**: This money is divided equally between the municipal corporation and township in which racing takes place and is intended to reimburse these areas for expenses incurred due to racing meets. The municipal corporations and townships receiving the money may reimburse an adjoining political subdivision which also had expenses because of racing meets. The tax is levied as follows:

Total Amount Wagered Each Horse Racing Meet	Rate
Less than $5,000,000	0.10%
$5,000,000 or more	0.15%

The maximum tax liability is $15,000 from each horse racing meeting.

EXEMPTIONS (R.C. 3769.081):

Agricultural Societies are not subject to the "Additional Pari-Mutuel Wagering Tax."

WHO REMITS TAX (R.C. 3769.08):

The racing permit holder remits to the Tax Commissioner the tax on the amount wagered as described in **"Rates."** The Tax Commissioner in turn distributes the tax as described in **"Disposition of Revenue."**

PAYMENT DATES (R.C. 3769.081, 3769.10):

Each day of racing: Permit holder mails to the Tax Commissioner or delivers to an office of the Department of Taxation by noon the following day the pari-mutuel wagering tax and exotic wagering tax collected.

Close of horse race meeting: Within ten days, the Additional Pari-Mutuel Wagering tax is collected and mailed to the Tax Commissioner or delivered to an office of the Department of Taxation.

DISPOSITION OF REVENUE (R.C. 3769.08, 3769.081, 3769.087):

Each Permit Holder pays to the Tax Commissioner a sum equal to the percent of money wagered as described in the **"Rates"** section reduced by any capital improvements deduction **(see "Special Provisions")**. The Tax Commissioner then distributes the receipts to the following funds:

Receipts from Pari-Mutuel Wagering Tax

Distributed To	Source of Receipts (Wagering On)	Distribution Percent
Ohio Fairs Fund	Thoroughbred, harness, and quarter horse	0.5% of amount wagered
Ohio Thoroughbred Race Fund	Thoroughbred	1.125% of amount wagered
	Harness racing at events other than agricultural exposition and fairs	June-December 1988: 0.86% of amount wagered January-July 1989: 0.83% of amount wagered
Ohio Standardbred Development Fund	Harness	0.625% of amount wagered
Quarter Horse Development Fund	Quarter horse	0.625% of amount wagered
Ohio General Revenue Fund	Thoroughbred, harness, and quarter horse racing at events other than agricultural exposition and fairs	Net receipts after payments to above funds and any capital improvements reduction (see "SPECIAL PROVISIONS")
Agricultural Societies	Thoroughbred, harness, and quarter horse racing at agricultural expositions and fairs	Net receipts after payment to the Ohio Fairs Fund Standardbred Fund, Quarter Horse Fund and Thoroughbred Race Fund

DISPOSITION OF REVENUE: (cont'd)

Receipts from "Exotic" Wagering Tax

Distributed To	Source of Receipts (Wagering On)	Distribution Percent
Ohio Fairs Fund	Thoroughbred, harness, and quarter horse	0.25% of amount wagered
Ohio Thoroughbred Race Fund	Thoroughbred	0.25% of amount wagered
Ohio Standardbred Development Fund	Harness	0.25% of amount wagered
Quarter Horse Development Fund	Quarter horse	0.25% of amount wagered
Ohio General Revenue Fund	Thoroughbred, harness, and quarter horse	2.0% of amount wagered*

* May be less if the capital improvements deductions exceed amounts distributed to other funds.

Receipts from the Additional Pari-Mutuel Wagering Tax

Distributed To	Source of Receipts (Wagering On)	Distribution Percent
General revenue funds of municipalities and townships in which racing takes place	Thoroughbred, harness, and quarter horse	0.1% of amount wagered if the total amount wagered is less than $5 million; 0.15% of amount wagered if the total amount wagered is $5 million or more (max. of $15,000)

SPECIAL PROVISIONS (R.C. 3769.08, 3769.089, 3769.13, 3769.20):

1. **Capital Improvement Deduction**: With the approval of the State Racing Commission, permit holders making capital improvements, constructing new racing facilities, or reconstructing facilities damaged by fire or other cause that have a total cost of $100,000 or more can reduce their tax liability by 0.75% of the amount wagered. For projects approved prior to March 29, 1988, the reduction continues for a period of fifteen years on capital improvements and reconstruction and a period of ten years on new race track construction or until the total reduction in tax liability equals 70% of construction costs, whichever occurs first. For projects approved on or after March, 1988, the reduction is limited to ten years or 70% of costs.
2. **Major Capital Improvement Project**: Permit holders renovating, reconstructing, or remodeling an existing race track facility at a cost of $10 million or more can reduce their tax liability by 1.5% of the amount wagered for a period of ten years or until the cost of the project plus debt service is reached, whichever occurs first providing that the project was approved by the State Racing Commission prior to March 29, 1988. If the reduction exceeds the tax on wagering, the abatement may be carried forward and applied against future tax liability. The tax reduction is in addition to the 0.75% Capital Improvement Deduction.
3. **A race track closed due to fire** or other cause can make up the lost days of racing at another facility or during the first three years following the reopening of the track.
4. **Electronically Televised Simulcasts**: Permit holders may televise horse racing at facilities inside or outside of Ohio and conduct pari-mutuel wagering thereon. The type of racing televised must be the same as authorized to be conducted at the permit holder's track.

OHIO REVISED CODE CITATIONS:

Chapter 3769.

RECENT LEGISLATION:

House Bill 111, effective July 1, 1989

R.C. 3769.087: Increases the commission on exotic wagering from 3.5% to 4%, increases the tax rate on exotic wagering from 2.5% to 3%, and designates receipts from the additional 0.5% to the newly created "Ohio Horse Racing Quality Assurance fund."

R.C. 3769.22: Creates the Ohio Horse Racing Quality Assurance Fund to be funded by the exotic wagering levy.

Table 29

HORSE RACING TAX

AMOUNT WAGERED ON HORSE RACING AND TOTAL TAX AND SPECIAL FUND RECEIPTS BY TYPE OF EVENT, FISCAL YEARS 1985-1989

Fiscal Year	Thoroughbred Racing	Quarter Horse & Commercial Harness Racing	Agricultural Societies Racing	Total
		Pari-Mutuel Wagering		
1985	$238,065,795	$148,957,615	$5,421,846	$392,445,256
1986	227,411,848	172,503,436	5,601,651	405,516,935
1987	255,991,255	203,777,648	5,420,997	465,189,900
1988	268,359,148	192,097,746	5,964,238	466,421,132
1989	260,442,047	205,594,993	6,319,492	472,356,532
		Pari-Mutuel Wagering Net Tax Receipts		
1985	$6,658,162	$4,829,067	$216,494	$11,703,723
1986	5,311,795	5,414,914	221,007	10,947,716
1987	5,729,214	6,956,817	198,976	12,885,007
1988	6,409,734	6,634,983	232,994	13,277,711
1989	5,702,314	7,017,662	258,267	12,978,243

Table 30

HORSE RACING TAX

AMOUNT WAGERED ON HORSE RACING, TAX LEVIED AND DISTRIBUTION OF RECEIPTS, FISCAL YEAR 1989

	Thoroughbred Race Meets	Commercial Harness Race Meets	County Agricultural Societies	Quarter Horse Race Meet	Total
Number of Days	433	615	209	5	1,262
Tax Base					
Total Pari-Mutuel Wagering	$260,442,047	$205,449,059	$6,319,492	$145,934	$472,356,532
Exotic Wagering*	147,941,325	136,234,204	2,789,796	82,511	287,047,836
Total Tax Levied**	10,229,101	9,207,316	258,267	4,243	19,698,927
Capital Improvement Credit	1,247,044	785,659	-0-	-0-	2,032,703
Major Capital Improvement Credit	3,279,743	1,406,049	-0-	2,189	4,687,981
Net Tax Collected	$ 5,702,314	$ 7,015,608	$ 258,267	$2,054	$ 12,978,243
Distribution of Receipts					
Agricultural Societies	-0-	-0-	$ 173,111	-0-	$ 173,111
Standardbred Development Fund	-0-	$1,622,997	46,134	-0-	1,669,131
Quarter Horse Special Account	-0-	-0-	178	$1,118	1,296
Ohio Fairs Fund	$1,672,065	1,367,833	38,572	936	3,079,406
Thoroughbred Special Account	3,299,827	1,735,729	272	-0-	5,035,828
State General Revenue Fund	730,422	2,289,049	-0-	-0-	3,019,471
Total Amount Distributed	$5,702,314	$7,015,608	$ 258,267	$2,054	$ 12,978,243

* Included in total pari-mutuel wagering but subject to an additional 3.5% tax.
** Includes credit balance.

STATE INDIVIDUAL INCOME TAX

Ohio's personal income tax law is based closely on federal law to facilitate compliance by the taxpayer and administration by the state. The starting point for computation of the Ohio income tax is federal adjusted gross income as reported on the federal income tax return. After adding and subtracting certain adjustments and subtracting personal exemptions, Ohio's graduated tax rates are applied to the remaining figure (Ohio taxable income) to calculate the tax liability. From this figure, certain credits may be subtracted to arrive at the final personal income tax liability.

The State Individual Income Tax Figure (page 45) illustrates the percentage distribution by income class of 1987 tax returns, federal adjusted gross income, and income tax liability. Tables 31 through 44 also include information compiled from the 1987 Ohio personal income tax returns (due by April 15, 1988). Table 31 contains detailed data from the returns categorized into thirty-one income classes. The data show that individuals filed 4,410,967 tax returns which reported total federal adjusted gross income of $120.0 billion, an average of $27,203 per return. Applying the tax rates to this income and then subtracting allowable tax credits yields a figure for total Ohio personal income tax liability of $3,184.0 million. This amounts to an average income tax liability of $721.85 per return.

Table 32 compares total returns filed for 1986 and 1987, grouped by major income classes while Table 33 compares only taxable returns for 1986 and 1987. Total tax liability increased from $3,074.6 million in 1986 to $3,184.0 million in 1987, a percentage increase of 3.6%. The number of taxable returns increased from 3,573,651 in 1986 to 3,734,325 in 1987, an increase of 160,674.

Table 34 is a simplified version of Table 31, showing some of the major data categorized into just eight income classes. Tables 35, 36, and 37 show tax returns by the same eight income classes, but by filing status -- married joint, single, and married separate.

Tables 38, 39, and 40 classify the number of returns and tax liability by Ohio taxable income classes rather than federal adjusted gross income classes. The "Ohio Taxable Income" figure is the amount to which the graduated tax rates of 0.751% to 6.9% for 1987 were directly applied. Tables 38 and 39 contain data by Ohio taxable income class on the additional $350 personal exemption and the $20 personal exemption credit, respectively. These tables indicate that the majority of taxpayers used the $20 credit rather than the additional $350 exemption. Table 40 shows the number of returns and tax liability for all returns.

Table 41 contains information on the joint filer credit. A 1987 joint return filed by a husband and wife each earning at least $500 of wage or pension income was entitled to a joint filer credit of 5% to 20% of the tax liability. Table 41 indicates that this credit was claimed by 1,163,562 taxpayers and reduced their tax liability by approximately $200.8 million, an average of $172.55 per return. Table 42 provides information on the 1,043,973 returns showing a balance due Ohio (those taxpayers whose state tax liability exceeded their withholding and estimated payments) and the 2,973,257 taxpayers who received a refund from the state. The state was owed $263,755,490. Taxpayers received $345,849,679 in refunds.

Table 43 indicates the number of returns filed, income, and tax liability for residents of each of Ohio's eighty-eight counties. Cuyahoga county had the largest number of returns filed with 569,938, reporting $16.6 billion of income and $493.2 million of income tax liability. Residents of the eleven largest Ohio counties filed 2.5 million out of the statewide total of 4.4 million income tax returns. Their combined tax liability was $2,020.8 million, over 64% of the total for all 88 counties. Table 44 indicates the average income per return for residents of each county. Delaware county taxpayers reported the highest figure with an average income per return of $34,463 while Adams county had the lowest average income, $19,219 per return.

Three additional tables indicate income tax data gathered from sources other than 1987 tax return. Table 45 compares one-half of the 1988 income tax collections in each county with the amount of state school aid and property tax relief distributed to the county. Under the Ohio Constitution and state law, at least one-half of income tax collections must be returned to the county of origin. This table indicates that this requirement was exceeded in every county.

Table 46 shows the number of returns and amount of tax dollars processed by the Income Tax Division of the Ohio Department of Taxation during the last two fiscal years. During fiscal year 1989, the Income Tax Division processed 7.2 million personal income tax returns of all types, including about 5.8 million annual and quarterly estimated individual taxpayers returns and 1.3 million employer withholding returns. Net collections during fiscal year 1989 were $3,809,635,668 after payment of $417,480,799 in refunds. Table 47 shows the monthly distribution of these collections and refunds.

TAX BASE (R.C. 5717.01):

The amount reported as Federal Adjusted Gross Income to the U.S. Internal Revenue Service plus or minus adjustments according to Ohio income tax law (see **"General Computation of Tax Liability"** section on the following page).

RATES (R.C. 5747.02):

Ohio Taxable Income	1989 Tax
0 - $ 5,000	0.743% of Ohio taxable income
$ 5,000 - 10,000	$ 37.15 + 1.486% of excess over $ 5,000
10,000 - 15,000	111.45 + 2.972% of excess over 10,000
15,000 - 20,000	260.05 + 3.715% of excess over 15,000
20,000 - 40,000	445.80 + 4.457% of excess over 20,000
40,000 - 80,000	1,337.20 + 5.201% of excess over 40,000
80,000 - 100,000	3,417.60 + 5.943% of excess over 80,000
Over $100,000	4,606.20 + 6.9 % of excess over 100,000

SPECIAL PROVISIONS:

1. **Standard Personal Exemption Credit Option (R.C. 5747.022):** In addition to the standard $650 personal exemption, taxpayers had the option of taking an additional $350 personal exemption or a credit against the Ohio income tax due of $20 for each personal exemption claimed. Beginning in tax year 1989, only a $20 credit will be allowed.
2. **Joint Filer Credit (R.C. 5747.05):** A husband and wife who file a joint return are allowed a tax credit if each spouse receives at least $500 of wage or pension income. Beginning in tax year 1989, the maximum credit will be $650. The credit is a percentage of the tax after all other credits (except the resident/non-resident credit) and is calculated according to the schedule shown below:

Ohio Taxable Income	Amount of Credit
$25,000 or less	20% of tax
25,000 - 50,000	15% of tax
50,000 - 75,000	10% of tax
Over $75,000	5% of tax

3. **Senior Citizen Credit (R.C. 5747.05):** A taxpayer 65 years of age or older during the taxable year is allowed a $50 credit against the amount of Ohio income tax due. Only one $50 credit is allowed for each return.
4. **Retirement Income Credit (R.C. 5747.055):** Taxpayers receiving retirement income which is included in federal adjusted gross income are allowed a credit based on the amount of retirement income received during the taxable year according to the following schedule:

Amount of Retirement Income Included in FAGI	Credit
$ 500 or less	$ 0
500 to 1,500	25
1,500 to 3,000	50
3,000 to 5,000	80
5,000 to 8,000	130
Over $8,000	200

5. **Military Pay (R.C. 5747.01):** Military pay is taxable (except combat zone pay) no matter where the individual is stationed provided domicile (legal residence) is Ohio. If domicile is in another state, service personnel are not required to pay the Ohio income tax, even though stationed in Ohio. They must compute a nonresident tax credit on the military pay.
6. **Reciprocity (R.C. 5747.05):** An individual who is a resident of Ohio or one of the five surrounding states and whose income consists solely of compensation from any of those states need only file with the state of residence.
7. **New Equipment Credit (R.C. 5747.051):** Individual taxpayers are allowed a credit against the personal income tax equal to the difference between: (1) the tangible property taxes paid in the taxable year on machinery and equipment used in manufacturing or refining and acquired on or after January 1, 1978; and (2) the tangible property taxes that would have been paid on such property if it had been assessed at 21% of true value. If the credit exceeds the income tax liability in any year, the excess credit may be carried forward to offset liability for the following three years.
8. **Resident/Nonresident Income Credit:** Resident taxpayers who have income subjected to tax by another state and taxpayers who earn income while living in another state receive a credit for that portion of income.
9. **Child and Dependent Care Credit (R.C. 5747.05.4):** Taxpayers with federal adjusted gross income under $30,000 who were eligible for the federal child care credit may claim 25% of that credit as a state child care credit.

TAXPAYER (R.C. 5747.01):

Every individual and every estate residing in Ohio or earning or receiving income in Ohio.

PAYMENT DATES (R.C. 5747.07-5747.09):

For Individuals:

1. Annual return due between January 1 and April 15. Return reconciles tax liability with amount remitted through withholding by employer and quarterly estimated payments by taxpayer.
2. Taxpayers file quarterly declarations if they expect to be under-withheld by more than $300. Such taxpayers must file an estimated return and make quarterly payments on or before April 15, June 15, and September 15 of the current year and January 15 of the next year.

PAYMENT DATES: (cont'd)

For Employers:

1. If an employer withholds less than $1,000 per quarter, payment is due within 30 days after the quarter ending March, June, September, and December.
2. If an employer withholds more than $1,000 per quarter and less than $15,000 per month, monthly payments are due within 10 banking days after the end of the month.
3. Undeposited withheld Ohio income taxes that total more than $15,000 for any partial monthly withholding period must be remitted within three banking days following the end of the partial monthly withholding period in which the $15,000 limitation was exceeded. Partial monthly withholding periods end on the 3rd, 7th, 11th, 15th, 19th, 22nd, 25th, and the last day of the month.

GENERAL COMPUTATION OF TAX LIABILITY FOR 1989:

FEDERAL ADJUSTED GROSS INCOME

(taken directly from federal return)

↓

Add

1. State and local bond interest (except Ohio governments).
2. Federal bond interest exempt from federal tax but subject to state tax.
3. Accumulation distribution from a complex trust.

↓

Subtract

1. Federal bond interest.
2. Disability and survivors' benefits included in FAGI.
3. Compensation earned in Ohio by residents of reciprocity states.
4. Social Security and railroad retirement benefits included in FAGI.
5. State and municipal refunds.

↓

OHIO ADJUSTED GROSS INCOME

↓

Subtract:

Personal exemptions of $650 per person.

↓

OHIO TAXABLE INCOME

↓

Apply:

Graduated rates of 0.743% to 6.9% for 1989

↓

TAX BEFORE CREDITS

↓

Subtract:

1. Personal exemption credit of $20 per person.
2. Senior citizen credit of $50.
3. Retirement income credit.
4. New equipment purchase credit.
5. Child and dependent care credit.
6. Joint filer credit for two working spouses (graduated based on income with a maximum credit of $650).

↓

OHIO PERSONAL INCOME TAX LIABILITY

↓

Credit for income earned in or taxed by another state.

↓

OHIO NET PERSONAL INCOME TAX LIABILITY

DISPOSITION OF REVENUE (R.C. 5747.03):

1. For fiscal year 1989, 89.2% of all income tax receipts were credited to the General Revenue Fund, 4.5% to the Local Government Fund and 6.3% to the Library and Local Government Support Fund. For fiscal year 1990, 88.8% of all income tax receipts are credited to the General Revenue Fund, 4.6% to the Local Government Fund, 0.3% to the Local Government Revenue Assistance Fund, and 6.3% to the Library and Local Government Support Fund.
2. The Ohio Constitution requires that at least 50% of income tax collections be returned to the county of origin. This provision is met through General Revenue Fund allocations to education and local property tax relief (12.5% property tax rollback and homestead exemption).

OHIO REVISED CODE CITATIONS:

Chapter 5747.

RECENT LEGISLATION:

House Bill 111, effective July 1, 1989

Section 5747.07: Accelerated withholding payment schedule implemented by the state of Ohio; closely resembles the Federal schedule.

Section 5747.022: $20 personal exemption credit against Ohio income tax due is allowed for each personal exemption claimed; the option of taking an additional $350 personal exemption per person against Ohio adjusted gross income is repealed.

Section 5747.051: Amount of joint filer credit capped at $650 per return.

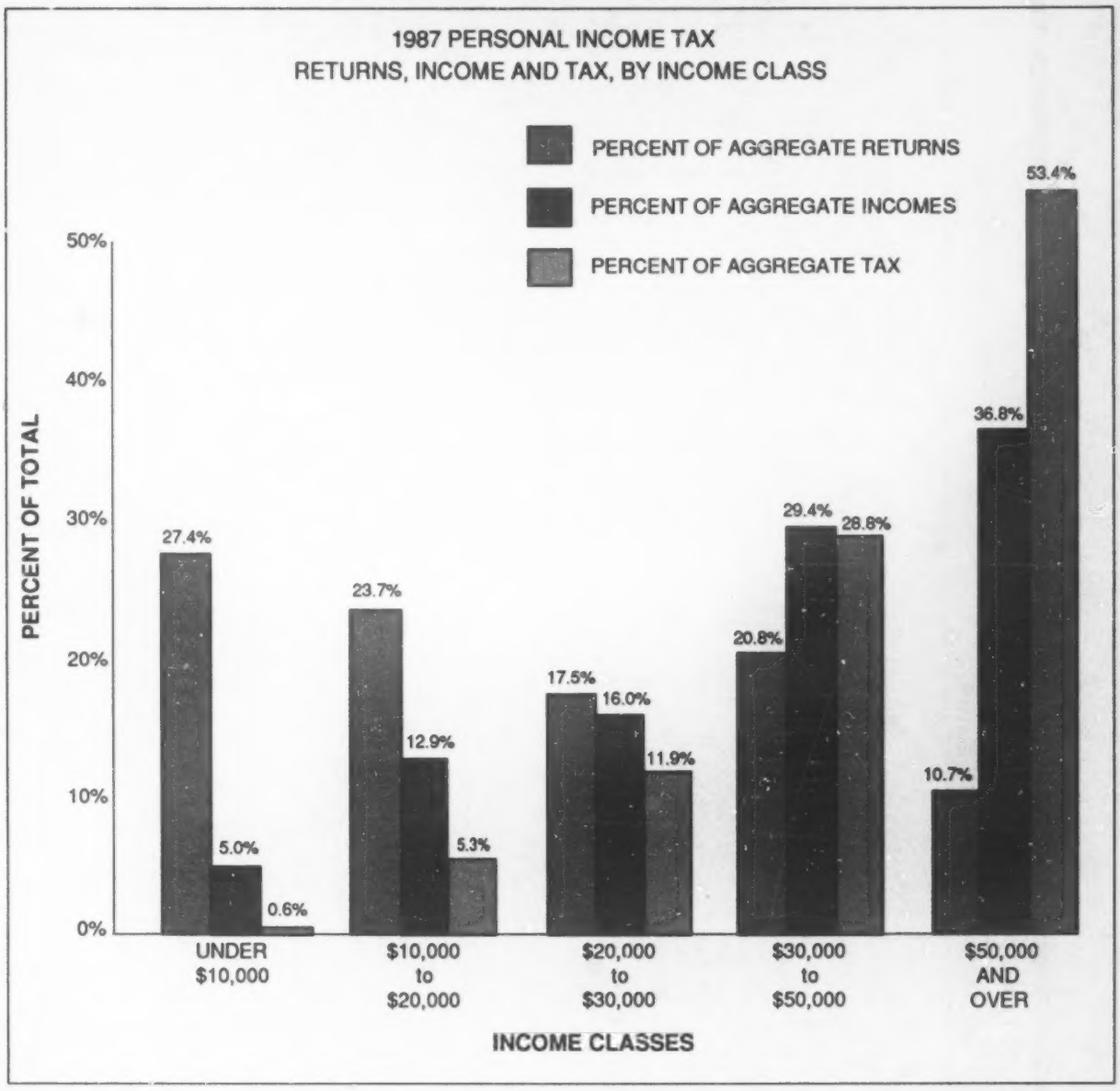
Section 5747.01: A taxpayer may no longer make the same deduction on both the Ohio income tax and Ohio estate tax returns. As a result, the deduction for administrative expenses must be added back on either the Ohio income tax return or the Ohio estate tax return.

RECENT SIGNIFICANT COURT DECISIONS:

David A. Waldron v. Limbach (September 16, 1988), B.T.A. Case No. 86-C-1208. The exclusion provided by R.C. 5747.01(A) for Subchapter S income is limited to the net of such income minus Subchapter S losses, and included on federal returns in adjusted gross income.

Robert L. Bondurant v. Limbach (December 16, 1988), B.T.A. Case No. 87-E-613. Under R.C. 5747.01(A), disability benefits are not included in Ohio adjusted gross income; however, payments are includable when they are from a pension which was originally a disability benefit pension but which has become, by virtue of the pensioner's having attained a certain age, a retirement plan not affected by the pensioner's physical or mental impairments.

STATE INDIVIDUAL INCOME TAX FIGURE



The above figure shows the percentage distribution by income class of 1987 personal income tax returns, federal adjusted gross income, and tax liability. Taxpayers earning under $10,000 filed 27.4% of all income tax returns, but earned only 5.0% of total income and paid just 0.6% of the total tax liability. The next largest group of taxpayers, those earning $10,000 to $20,000, earned 12.9% of total income and paid 5.3% of the tax. These two groups combined (all those earning less than $20,000) represented 51.0% of all the taxpayers, reported 17.9% of the income, but paid just 5.9% of the total income tax.

In contrast, taxpayers earning more than $50,000, comprised only 10.7% of all tax returns, but reported 36.8% of total income and paid 53.4% of the entire income tax liability. Additional detail on the income distribution of tax returns, income, and tax liability, as well as information on filing status and county statistics, are shown in tables on the following pages.

Table 31

STATE INDIVIDUAL INCOME TAX

1987 OHIO PERSONAL INCOME TAX RETURNS BY INCOME CLASS

Income Class (Federal Adjusted Gross Income)	Number of Returns	Total Federal Adjusted Gross Income	Ohio Adjusted Gross Income	Reported Value of Personal Exemptions	Ohio Taxable Income	Tax Before Credits	Joint Filer Credit	Tax Liability After Tax Credits
0 - $ 1,000	87,338	$ 54,410,507	$ 54,244,184	$ 58,700,621	$ 4,633,722	$ 35,498	$ 95	$ 2,249
$ 1,000 - 2,000	139,520	209,620,801	208,560,756	101,340,584	102,536,920	776,009	9	62,351
2,000 - 3,000	139,145	347,719,999	345,350,004	106,514,050	232,379,181	1,746,531	42	156,954
3,000 - 4,000	132,904	464,994,412	461,748,304	106,120,062	348,036,094	2,618,987	225	407,357
4,000 - 5,000	124,500	559,875,522	555,156,022	103,429,371	443,903,137	3,339,103	481	1,029,424
5,000 - 6,000	117,496	646,112,448	640,403,050	102,666,992	529,867,321	4,024,523	975	1,542,341
6,000 - 7,000	116,109	754,644,558	747,798,510	107,317,020	632,335,658	5,292,424	1,906	2,383,327
7,000 - 8,000	116,226	871,964,210	863,595,064	111,543,266	743,861,737	6,881,346	6,190	3,424,895
8,000 - 9,000	116,372	989,073,318	979,470,171	115,185,177	856,082,292	8,539,638	13,777	4,508,933
9,000 - 10,000	117,116	1,112,544,639	1,101,937,754	119,588,962	974,069,017	10,270,993	26,656	5,732,980
10,000 - 11,000	113,588	1,192,540,790	1,180,815,096	119,430,496	1,052,910,286	11,638,945	46,082	6,806,727
11,000 - 12,000	110,021	1,265,349,636	1,252,748,896	119,296,274	1,124,982,050	13,640,891	75,123	8,491,291
12,000 - 13,000	108,327	1,353,915,441	1,340,841,621	121,356,098	1,211,036,105	16,295,085	119,278	10,678,392
13,000 - 14,000	107,172	1,446,928,278	1,431,982,722	123,095,793	1,300,553,892	19,130,796	189,761	13,067,758
14,000 - 15,000	106,906	1,550,183,835	1,534,475,996	125,574,916	1,400,751,665	22,145,951	268,046	15,654,955
15,000 - 16,000	103,957	1,611,210,616	1,594,929,375	124,175,314	1,463,134,725	24,578,449	355,900	17,851,701
16,000 - 17,000	102,401	1,689,427,766	1,672,959,448	125,463,778	1,539,914,629	27,475,814	472,636	20,473,497
17,000 - 18,000	101,395	1,774,330,216	1,756,644,278	126,774,868	1,622,560,048	30,734,318	613,906	23,452,048
18,000 - 19,000	96,709	1,788,686,396	1,770,734,669	123,450,025	1,640,438,733	32,731,892	763,757	25,510,443
19,000 - 20,000	92,583	1,805,208,773	1,787,645,276	122,310,831	1,658,825,633	34,629,004	945,890	27,368,216
20,000 - 25,000	413,777	9,282,566,202	9,185,516,952	592,228,649	8,563,205,222	201,474,763	7,982,176	164,513,058
25,000 - 30,000	358,780	9,851,368,219	9,743,000,858	570,70[illegible]38	9,128,808,280	250,373,093	12,640,318	212,654,630
30,000 - 35,000	310,790	10,077,371,882	9,947,860,977	547,333,277	9,372,344,635	282,787,990	17,083,452	241,796,646
35,000 - 40,000	255,177	9,542,264,416	9,414,962,486	478,752,900	8,912,116,713	286,970,710	21,943,852	243,771,526
40,000 - 50,000	351,599	15,655,958,947	15,438,391,843	695,085,070	14,689,479,323	510,475,555	47,090,082	431,514,287
50,000 - 60,000	195,787	10,665,801,004	10,521,224,850	395,221,503	10,068,085,850	382,751,595	31,062,209	331,641,907
60,000 - 70,000	99,199	6,392,457,684	6,305,718,971	201,472,825	6,076,961,045	245,211,355	17,147,449	214,645,609
70,000 - 80,000	51,156	3,809,243,940	3,755,820,725	103,625,135	3,636,098,315	152,884,934	9,506,304	134,738,512
80,000 - 100,000	48,235	4,271,797,247	4,212,315,135	97,316,434	4,074,179,412	180,066,908	5,630,411	163,304,508
100,000 - 200,000	54,364	7,216,682,013	7,132,327,657	109,453,588	6,965,575,041	359,247,794	9,310,861	326,055,285
$200,000 & over	22,318	11,735,602,614	11,612,469,468	45,282,028	11,543,297,592	746,616,349	17,473,716	530,807,696
Totals	4,410,967*	$119,989,856,329	$118,551,651,118	$6,099,874,445	$111,912,964,273	$3,875,387,243	$200,771,565	$3,184,049,503

* Does not include returns filed solely for informational purposes.

Table 32

STATE INDIVIDUAL INCOME TAX

COMPARISON OF 1986 AND 1987 PERSONAL INCOME TAX RETURNS

Income Class (Federal Adjusted Gross Income)	Number of Returns		Federal Adjusted Gross Income		Ohio Taxable Income		Joint Filer Credit		Ohio Income Tax	
	1986	1987	1986	1987	1986	1987	1986	1987	1986	1987
0 - $ 5,000	591,604	623,407	$ 1,586,634,785	$ 1,636,621,241	$ 1,073,043,040	$ 1,131,489,054	$ 803	$ 852	$ 2,213,281	$ 1,658,335
$ 5,000 - 10,000	590,758	583,319	4,421,988,261	4,374,339,173	3,674,765,868	3,736,216,025	70,872	49,504	19,712,014	17,592,476
10,000 - 15,000	536,326	546,014	6,687,255,921	6,808,917,980	5,844,073,782	6,090,233,998	907,247	698,290	59,030,427	54,699,123
15,000 - 20,000	477,564	497,045	8,317,980,019	8,668,863,767	7,444,813,552	7,924,873,768	3,985,964	3,152,089	121,588,393	114,655,905
20,000 - 25,000	405,823	413,777	9,110,270,393	9,282,566,202	8,241,423,492	8,503,205,222	10,380,539	7,982,176	179,265,917	164,513,058
25,000 - 50,000	1,257,240	1,276,346	44,283,018,094	45,128,963,464	40,514,123,089	42,102,748,951	116,383,029	98,757,704	1,240,244,518	1,129,737,089
50,000 - 100,000	316,677	394,377	19,984,987,059	25,139,299,875	18,304,570,773	23,855,324,622	55,195,317	63,346,373	755,554,721	844,330,536
$100,000 and over	53,481	76,682	13,188,789,548	18,952,284,627	12,306,690,535	18,508,872,633	16,894,208	26,784,577	696,995,747	856,862,981
Total	4,229,473	4,410,967	$107,580,924,080	$119,989,856,329	$97,403,504,131	$111,912,964,273	$203,817,979	$200,771,585	$3,074,605,018	$3,184,049,503

Table 33

STATE INDIVIDUAL INCOME TAX

COMPARISON OF 1986 AND 1987 RETURNS WITH TAX LIABILITY

Income Class (Federal Adjusted Gross Income)	Returns with Tax Liability		Ohio Income Tax	
	1986	1987	1986	1987
0 - $ 5,000	219,570	200,846	$ 2,213,281	$ 1,658,335
$ 5,000 - 10,000	418,786	428,540	19,712,014	17,592,476
10,000 - 15,000	460,923	473,512	59,030,427	54,699,123
15,000 - 20,000	462,437	482,438	121,588,393	114,655,905
20,000 - 25,000	399,841	410,675	179,265,917	164,513,058
25,000 - 50,000	1,245,534	1,269,806	1,240,244,518	1,129,737,089
50,000 - 100,000	313,977	392,599	755,554,721	844,330,536
$100,000 and over	52,583	75,909	696,995,747	856,862,981
Total	3,573,651	3,734,325	$3,074,605,018	$3,184,049,503

Table 34

STATE INDIVIDUAL INCOME TAX

1987 OHIO PERSONAL INCOME TAX RETURNS FOR ALL FILING STATUS CATEGORIES*

Income Class (Federal Adjusted Gross Income)	Number of Returns	Federal Adjusted Gross Income	Ohio Taxable Income	Ohio Income Tax	Effective Rate**
0 - $ 5,000	623,407	$ 1,636,621,241	$ 1,131,489,054	$ 1,658,335	0.10%
$ 5,000 - 10,000	583,319	4,374,339,173	3,736,216,025	17,592,476	0.40%
10,000 - 15,000	546,014	6,808,917,980	6,090,233,998	54,699,123	0.80%
15,000 - 20,000	497,045	8,668,863,767	7,924,873,768	114,655,905	1.32%
20,000 - 25,000	413,777	9,282,566,202	8,563,205,222	164,513,058	1.77%
25,000 - 50,000	1,276,346	45,126,963,464	42,102,748,951	1,129,737,089	2.50%
50,000 - 100,000	394,377	25,139,299,875	23,855,324,622	844,330,536	3.36%
$100,000 and over	76,682	18,952,284,627	18,508,872,633	856,862,981	4.52%
Total	4,410,967	$119,989,856,329	$111,912,964,273	$3,184,049,503	2.65%

* Column totals from tables 35, 36, and 37 will not add to figures on this table due to 124,210 returns for which filing status was not indicated and which have not been verified.

** Ohio income tax divided by federal adjusted gross income.

Table 35

STATE INDIVIDUAL INCOME TAX

1987 OHIO PERSONAL INCOME TAX RETURNS FOR ALL RETURNS CLAIMING MARRIED JOINT FILING STATUS

Income Class (Federal Adjusted Gross Income)	Number of Returns	Federal Adjusted Gross Income	Ohio Taxable Income	Ohio Income Tax	Effective Rate*
0 - $ 5,000	40,887	$ 122,456,406	$ 52,641,085	$ 20,031	0.02%
$ 5,000 - 10,000	104,516	815,521,331	611,420,751	687,950	0.08%
10,000 - 15,000	154,561	1,944,978,994	1,625,728,490	7,214,188	0.37%
15,000 - 20,000	178,596	3,135,042,515	2,741,451,352	28,507,362	0.91%
20,000 - 25,000	195,605	4,408,061,190	3,949,021,965	64,122,751	1.45%
25,000 - 50,000	908,043	33,045,884,699	30,613,345,970	800,459,218	2.42%
50,000 - 100,000	350,447	22,341,030,486	21,189,032,898	744,444,594	3.33%
$100,000 and over	66,440	16,264,957,019	15,864,833,396	733,811,608	4.51%
Total	1,999,095	$82,077,932,640	$76,647,475,907	$2,379,267,702	2.90%

* Ohio income tax divided by federal adjusted gross income.

Table 36

STATE INDIVIDUAL INCOME TAX

1987 OHIO PERSONAL INCOME TAX RETURNS CLAIMING SINGLE FILING STATUS

Income Class (Federal Adjusted Gross Income)	Number of Returns	Federal Adjusted Gross Income	Ohio Taxable Income	Ohio Income Tax	Effective Rate*
0 - $ 5,000	549,305	$ 1,424,574,957	$1,018,017,732	$ 1,526,353	0.11%
$ 5,000 - 10,000	437,150	3,240,970,671	2,850,621,301	15,338,806	0.47%
10,000 - 15,000	341,267	4,235,091,850	3,892,542,349	41,331,984	0.98%
15,000 - 20,000	266,192	4,621,046,173	4,333,104,322	72,010,208	1.56%
20,000 - 25,000	176,175	3,933,135,369	3,728,658,016	81,348,685	2.07%
25,000 - 50,000	281,233	9,186,032,836	8,742,324,412	251,298,161	2.74%
50,000 - 100,000	30,759	1,968,920,519	1,877,061,225	70,733,030	3.59%
$100,000 and over	8,279	2,183,875,693	2,151,138,515	103,836,761	4.75%
Total	2,090,360	$30,793,648,068	$28,593,467,872	$637,423,988	2.07%

* Ohio income tax divided by federal adjusted gross income.

Table 37

STATE INDIVIDUAL INCOME TAX

1987 OHIO PERSONAL INCOME TAX RETURNS CLAIMING MARRIED SEPARATE FILING STATUS

Income Class (Federal Adjusted Gross Income)	Number of Returns	Federal Adjusted Gross Income	Ohio Taxable Income	Ohio Income Tax	Effective Rate*
0 - $ 5,000	9,849	$ 28,736,914	$ 19,439,807	$ 35,267	0.12%
$ 5,000 - 10,000	21,637	168,536,355	146,959,020	896,386	0.53%
10,000 - 15,000	32,924	414,419,974	380,731,663	4,315,691	1.04%
15,000 - 20,000	38,065	666,166,513	625,917,387	10,764,295	1.62%
20,000 - 25,000	31,289	701,513,525	665,240,298	14,704,014	2.10%
25,000 - 50,000	57,666	1,862,318,699	1,788,564,053	52,117,576	2.80%
50,000 - 100,000	4,938	308,164,220	297,287,567	11,340,468	3.68%
$100,000 and over	934	308,982,529	303,366,834	10,837,119	3.51%
Total	197,302	$4,458,838,729	$4,227,506,629	$105,010,816	2.36%

* Ohio income tax divided by federal adjusted gross income.

Table 38

STATE INDIVIDUAL INCOME TAX

1987 OHIO PERSONAL INCOME TAX RETURNS CLAIMING THE ADDITIONAL $350 PERSONAL EXEMPTION

Income Class (Ohio Taxable Income)	Number of Returns	Federal Adjusted Gross Income	Reported Value of $350 Exemption	Ohio Taxable Income	Ohio Income Tax
0 - $ 5,000	115,349	$ 407,256,808	$ 54,309,953	$ 226,881,935	$ 1,343,560
$ 5,000 - 10,000	82,936	759,241,430	44,994,030	620,361,296	4,818,587
10,000 - 15,000	72,697	1,031,814,616	42,467,824	901,735,626	11,501,985
15,000 - 20,000	54,608	1,053,133,664	34,331,502	948,368,381	17,714,667
20,000 - 25,000	54,954	1,399,249,794	46,990,637	1,256,568,630	27,915,412
25,000 - 30,000	35,584	1,066,803,360	29,143,849	975,358,474	25,515,734
30,000 - 40,000	53,308	2,018,614,576	50,757,495	1,855,310,675	53,052,401
40,000 - 50,000	61,601	3,014,820,151	66,383,264	2,803,324,307	87,560,028
50,000 - 100,000	108,599	8,124,673,575	116,924,152	7,725,723,546	295,485,584
$100,000 and over	68,792	17,766,841,323	74,504,604	17,507,924,365	823,187,951
Total	708,428	$36,642,451,297	$560,807,310	$34,821,557,235	$1,348,095,909

Table 39

STATE INDIVIDUAL INCOME TAX

1987 OHIO PERSONAL INCOME TAX RETURNS CLAIMING THE $20 PERSONAL EXEMPTION CREDIT

Income Class (Ohio Taxable Income)	Number of Returns	Federal Adjusted Gross Income	Ohio Taxable Income	Reported Value of $20 Exemption	Ohio Income Tax
0 - $ 5,000	540,520	$ 1,829,393,670	$ 1,326,230,919	$ 11,816,665	$ 1,587,085
$ 5,000 - 10,000	461,798	4,017,847,460	3,471,833,327	14,057,592	18,327,022
10,000 - 15,000	451,490	6,276,980,197	5,653,541,072	16,453,170	59,074,437
15,000 - 20,000	435,992	8,263,478,522	7,600,699,097	17,697,850	117,572,630
20,000 - 25,000	365,823	8,839,815,158	8,206,542,859	16,743,785	167,053,799
25,000 - 30,000	310,951	9,157,687,223	8,557,474,037	15,471,800	209,538,963
30,000 - 40,000	477,657	17,580,396,217	16,522,204,099	26,897,795	448,933,783
40,000 - 50,000	255,943	11,977,806,997	11,371,100,161	15,491,280	341,536,823
50,000 - 100,000	215,643	13,643,258,052	13,105,350,383	13,130,621	461,377,716
$100,000 and over	1,654	448,184,015	445,088,861	92,523	10,725,029
Total	3,517,471	$82,034,847,511	$76,260,064,815	$147,853,081	$1,835,727,287

Table 40

STATE INDIVIDUAL INCOME TAX

1987 OHIO PERSONAL INCOME TAX RETURNS ACCORDING TO OHIO TAXABLE INCOME CLASS

Income Class (Ohio Taxable Income)	Number of Returns		Joint Filer Credit	Ohio Income Tax	
	Number	Percent of Total		Amount	Percent of Total
0 - $ 5,000	764,365	17.29%	$ 5,946	$ 2,930,645	0.09%
$ 5,000 - 10,000	603,924	13.66%	165,199	23,145,608	0.73%
10,000 - 15,000	551,808	12.48%	1,487,606	70,576,421	2.22%
15,000 - 20,000	490,688	11.10%	5,037,000	135,287,297	4.25%
20,000 - 25,000	420,846	9.52%	12,422,656	194,969,211	6.12%
25,000 - 30,000	346,591	7.84%	12,816,246	235,054,698	7.38%
30,000 - 40,000	531,003	12.01%	43,525,160	501,986,182	15.77%
40,000 - 50,000	317,545	7.18%	49,221,185	429,096,851	13.48%
50,000 - 100,000	324,245	7.33%	50,037,848	756,863,299	23.77%
$100,000 and over	70,446	1.59%	26,027,885	833,912,980	26.19%
Total	4,421,461	100.00%	$200,746,731	$3,183,823,192*	100.00%

* Differs from Table 34 due to methodology.

Table 41

STATE INDIVIDUAL INCOME TAX

1987 OHIO PERSONAL INCOME TAX RETURNS CLAIMING THE JOINT FILER CREDIT, BY INCOME CLASS*

Income Class (Federal Adjusted Gross Income)	Number of Returns Claiming Credit	Federal Adjusted Gross Income	Ohio Taxable Income	Joint Filer Credit	Ohio Income Tax
0 - $ 5,000	415	$ 1,579,863	$ 704,727	$ 852	$ 3,288
$ 5,000 - 10,000	9,054	77,207,694	60,787,430	49,504	194,513
10,000 - 15,000	42,505	546,809,678	461,310,716	698,290	2,687,298
15,000 - 20,000	77,521	1,371,000,024	1,207,879,051	3,152,089	12,177,735
20,000 - 25,000	102,893	2,324,306,704	2,096,328,262	7,982,176	31,051,652
25,000 - 50,000	618,194	22,938,750,394	21,386,588,526	98,757,704	539,220,847
50,000 - 100,000	273,746	17,323,160,997	16,503,693,723	63,346,373	568,612,386
$100,000 and over	39,234	9,238,715,028	9,055,696,725	26,784,577	432,252,824
Total	1,163,562	$53,821,530,382	$50,772,989,160	$200,771,565**	$1,586,200,543

* Ohio income tax divided by federal adjusted gross income.
** Differs from table 40 above due to methodology.

Table 42

STATE INDIVIDUAL INCOME TAX

1987 OHIO PERSONAL INCOME TAX RETURNS BALANCE DUE AND REFUNDS*

Income Class (Federal Adjusted Gross Income)	Number of Returns with Balance Due	Balance Due Ohio	Number of Returns with Refunds	Refunds
0 - $ 5,000	11,623	$ 60,251	$ 403,634	$ 8,118,297
$ 5,000 - 10,000	60,794	1,266,927	438,206	20,911,812
10,000 - 15,000	82,812	4,316,866	407,748	30,998,252
15,000 - 20,000	105,845	9,461,637	375,144	37,147,033
20,000 - 25,000	71,708	9,180,491	223,916	27,507,669
25,000 - 30,000	92,909	14,191,295	274,480	38,993,655
30,000 - 40,000	188,723	33,620,816	410,507	69,025,701
40,000 - 50,000	143,932	31,309,607	241,744	47,876,314
50,000 - 100,000	240,895	93,246,453	179,515	47,034,269
$100,000 and over	44,732	67,101,147	18,363	18,236,677
Total	1,043,973	$263,755,490	$2,973,257	$345,849,679

* Balance due is defined as the amount the taxpayer owes after subtracting tax withholding and estimated payments for the year.

Table 43

STATE INDIVIDUAL INCOME TAX

1987 OHIO PERSONAL INCOME TAX RETURNS, BY COUNTY

County	Number of Returns	Federal Adjusted Gross Income	Ohio Income Tax	County	Number of Returns	Federal Adjusted Gross Income	Ohio Income Tax
Adams	6,914	$ 132,879,790	$ 2,658,802	Lucas	179,161	$ 5,156,095,722	$ 148,215,084
Allen	41,989	1,123,601,715	30,142,550	Madison	12,706	302,449,097	7,067,477
Ashland	18,359	439,948,824	10,496,630	Mahoning	100,596	2,347,504,052	57,921,494
Ashtabula	35,348	787,599,122	17,853,513	Marion	24,287	582,809,200	14,134,363
Athens	15,514	340,757,806	7,720,721	Medina	49,051	1,432,704,568	39,630,841
Auglaize	18,236	446,729,297	10,805,316	Meigs	6,781	141,994,195	3,060,431
Belmont	26,529	574,262,016	12,691,890	Mercer	16,347	387,468,640	8,689,790
Brown	12,149	258,390,746	5,560,620	Miami	37,812	999,671,089	26,173,355
Butler	107,631	3,063,445,630	82,841,676	Monroe	5,288	116,476,570	2,461,200
Carroll	8,999	193,806,895	4,240,376	Montgomery	229,488	6,573,542,862	184,889,647
Champaign	13,898	336,500,019	8,012,816	Morgan	4,635	95,778,983	2,033,478
Clark	55,979	1,397,957,787	34,627,129	Morrow	9,851	218,850,562	4,640,943
Clermont	55,280	1,465,016,798	37,364,657	Muskingum	30,994	705,699,450	16,639,223
Clinton	13,743	322,511,617	7,739,995	Noble	3,975	81,019,223	1,788,849
Columbiana	39,184	851,162,209	19,066,467	Ottawa	17,012	449,922,161	11,796,134
Coshocton	13,180	302,023,270	7,047,486	Paulding	7,909	189,692,687	4,323,072
Crawford	19,816	439,660,612	10,385,117	Perry	10,526	218,864,823	4,696,390
Cuyahoga	569,938	16,610,074,873	493,201,462	Pickaway	16,341	390,291,257	9,239,160
Darke	21,850	556,300,008	15,309,112	Pike	7,015	144,003,232	3,034,256
Defiance	15,806	415,577,085	10,390,838	Portage	51,955	1,337,551,804	34,654,970
Delaware	23,878	822,912,329	26,721,774	Preble	15,234	362,996,621	8,542,945
Erie	32,774	870,007,063	23,700,458	Putnam	14,091	339,418,687	8,012,842
Fairfield	38,654	1,024,842,421	26,506,390	Richland	50,792	1,287,618,499	33,223,210
Fayette	10,858	225,969,557	4,991,812	Ross	23,466	565,895,309	13,569,082
Franklin	385,903	11,098,485,349	317,027,078	Sandusky	26,170	649,088,084	15,904,293
Fulton	15,751	398,972,398	9,663,536	Scioto	23,653	519,549,714	11,949,877
Gallia	9,447	213,891,789	5,058,759	Seneca	23,662	544,290,977	12,486,860
Geauga	32,233	1,097,122,554	35,591,726	Shelby	18,124	455,929,476	11,613,667
Greene	50,096	1,429,320,815	37,492,989	Stark	150,415	3,777,742,229	96,175,331
Guernsey	14,247	299,251,586	6,595,536	Summit	205,148	5,862,675,292	169,251,674
Hamilton	348,024	10,799,359,911	333,758,954	Trumbull	91,022	2,322,458,170	60,313,080
Hancock	27,657	792,080,283	22,194,704	Tuscarawas	33,673	744,437,988	17,095,614
Hardin	10,914	242,455,366	5,302,294	Union	12,180	322,130,986	8,207,628
Harrison	5,475	121,608,970	2,863,075	Van Wert	12,554	302,262,309	6,996,732
Henry	11,707	287,612,692	6,794,141	Vinton	3,392	69,873,019	1,534,971
Highland	12,114	255,185,241	5,616,675	Warren	42,189	1,215,719,921	33,420,139
Hocking	8,244	173,125,861	3,695,021	Washington	23,836	569,013,139	13,044,301
Holmes	10,818	210,496,423	4,465,183	Wayne	39,854	1,017,010,425	26,044,990
Huron	22,786	553,245,465	13,479,395	Williams	15,742	388,880,506	9,729,592
Jackson	9,742	206,678,827	4,456,051	Wood	42,383	1,250,033,153	35,916,992
Jefferson	29,718	693,699,086	16,694,945	Wyandot	9,592	215,089,087	4,850,877
Knox	16,684	377,955,981	8,639,890				
Lake	91,705	2,534,416,854	68,129,664	88 Cty. Total	$4,215,778	$114,101,479,723	$3,118,860,601
Lawrence	18,437	397,890,274	8,628,577				
Licking	49,428	1,243,890,169	31,013,763	Other*	195,196	5,888,888,919	64,501,032
Logan	15,391	374,774,201	9,263,573				
Lorain	103,850	2,643,516,371	67,380,607	State Total	$4,410,974	$119,990,368,643	$3,183,361,633**

* Including returns from out-of-state filers and returns not indicating county of residence.

** Differs from other tables due to methodology.

Table 44

STATE INDIVIDUAL INCOME TAX

RANK OF COUNTIES BY AVERAGE INCOME, AS REPORTED ON 1987 OHIO PERSONAL INCOME TAX RETURNS

County	Average Federal Adjusted Gross Income	Percent of State Average
Delaware	$34,463	126.69%
Geauga	34,037	125.12%
Hamilton	31,031	114.07%
*Other**	30,169	110.90%
Wood	29,494	108.42%
Medina	29,208	107.37%
Cuyahoga	29,144	107.14%
Warren	28,816	105.93%
Lucas	28,779	105.80%
Franklin	28,760	105.72%
Montgomery	28,644	105.30%
Hancock	28,639	105.28%
Summit	28,578	105.05%
Greene	28,532	104.89%
Butler	28,462	104.63%
Lake	27,637	101.60%
State Average	**27,203**	**100.00%**
Allen	26,759	98.37%
Erie	26,546	97.58%
Fairfield	26,513	97.47%
Clermont	26,502	97.42%
Union	26,448	97.22%
Ottawa	26,447	97.22%
Miami	26,438	97.19%
Defiance	26,292	96.65%
Portage	25,744	94.64%
Wayne	25,518	93.81%
Trumbull	25,515	93.80%
Darke	25,460	93.59%
Lorain	$25,455	93.58%
Richland	25,351	93.19%
Fulton	25,330	93.12%
Licking	25,166	92.51%
Shelby	25,156	92.48%
Stark	25,115	92.33%
Clark	24,973	91.80%
Sandusky	24,803	91.18%
Williams	24,703	90.81%
Henry	24,568	90.31%
Auglaize	24,497	90.05%
Logan	24,350	89.51%
Huron	24,280	89.26%
Champaign	24,212	89.01%
Ross	24,116	88.65%
Putnam	24,088	88.55%
Van Wert	24,077	88.51%
Marion	23,997	88.21%
Paulding	23,984	88.17%
Ashland	23,964	88.09%
Pickaway	23,884	87.80%
Washington	23,872	87.76%
Preble	23,828	87.59%
Madison	23,804	87.50%
Mercer	23,703	87.13%
Clinton	23,467	86.27%
Jefferson	23,343	85.81%
Mahoning	23,336	85.79%
Seneca	23,003	84.56%
Coshocton	22,915	84.24%
Muskingum	$22,769	83.70%
Knox	22,654	83.28%
Gallia	22,641	83.23%
Wyandot	22,424	82.43%
Ashtabula	22,281	81.91%
Morrow	22,216	81.67%
Hardin	22,215	81.66%
Harrison	22,212	81.65%
Crawford	22,187	81.56%
Tuscarawas	22,108	81.27%
Monroe	22,027	80.97%
Scioto	21,965	80.75%
Athens	21,965	80.74%
Columbiana	21,722	79.85%
Belmont	21,647	79.58%
Lawrence	21,581	79.33%
Carroll	21,536	79.17%
Brown	21,268	78.19%
Jackson	21,215	77.99%
Highland	21,065	77.44%
Guernsey	21,005	77.21%
Hocking	21,000	77.20%
Meigs	20,940	76.98%
Fayette	20,811	76.50%
Perry	20,793	76.44%
Morgan	20,664	75.96%
Vinton	20,599	75.73%
Pike	20,528	75.46%
Noble	20,382	74.93%
Holmes	19,458	71.53%
Adams	19,219	70.65%

* Includes returns from out-of-state filers and returns not indicating county.

Table 45

STATE INDIVIDUAL INCOME TAX

PERSONAL INCOME TAXES REQUIRED TO BE RETURNED TO COUNTIES OF ORIGIN, SCHOOL FOUNDATION PAYMENTS, AND PROPERTY TAX RELIEF REIMBURSEMENT PAYMENTS, CALENDAR YEAR 1988, BY COUNTY*

County	Income Taxes Required To Be Returned To Counties	Actual Amount Returned For School Foundation Payments And Property Tax Relief Reimbursements: Total Payments	School Foundation	Property Tax Relief**
Adams	$ 1,377,193	$ 8,877,668	$ 8,331,392	$ 546,276
Allen	15,621,005	37,217,854	34,001,219	3,216,635
Ashland	5,392,821	16,890,477	15,448,723	1,441,754
Ashtabula	9,674,924	36,494,330	33,023,571	3,470,759
Athens	4,099,250	27,236,579	25,634,231	1,602,348
Auglaize	5,701,877	13,091,816	11,679,578	1,412,237
Belmont	6,982,518	22,902,053	20,905,721	1,996,332
Brown	2,900,561	16,143,086	15,391,510	751,576
Butler	43,366,519	81,051,701	70,996,269	10,055,432
Carroll	2,341,282	6,704,018	6,151,312	552,706
Champaign	4,192,014	13,619,855	12,583,510	1,036,345
Clark	18,878,162	57,210,577	52,859,745	4,350,831
Clermont	19,585,811	48,804,158	43,976,441	4,827,717
Clinton	4,115,628	16,027,081	14,861,439	1,165,642
Columbiana	10,231,799	42,861,212	40,168,442	2,692,769
Coshocton	3,825,975	8,204,040	7,159,976	1,044,064
Crawford	5,561,946	14,568,179	13,175,624	1,392,555
Cuyahoga	262,445,328	387,311,949	301,962,084	85,349,865
Darke	6,076,620	17,074,921	15,598,600	1,476,321
Defiance	5,772,245	12,530,450	11,304,343	1,226,107
Delaware	12,298,106	14,724,407	12,214,617	2,509,790
Erie	12,442,079	23,123,083	19,414,950	3,708,134
Fairfield	13,873,324	31,728,505	28,546,582	3,181,922
Fayette	2,487,172	9,802,414	9,131,461	670,953
Franklin	164,907,046	256,196,499	209,325,595	46,870,904
Fulton	5,265,485	13,971,221	12,439,650	1,531,572
Gallia	2,692,790	11,479,293	10,723,503	755,790
Geauga	17,316,665	17,457,582	12,908,963	4,548,620
Greene	20,073,449	44,171,946	38,757,073	5,414,873
Guernsey	3,401,580	12,328,770	11,204,830	1,123,941
Hamilton	177,140,317	237,279,244	192,082,492	45,196,752
Hancock	12,500,170	16,658,934	14,433,648	2,225,286
Hardin	2,858,746	13,241,915	12,271,152	970,764
Harrison	1,668,753	5,754,317	5,290,247	464,070
Henry	3,728,418	11,353,214	10,090,850	1,262,364
Highland	2,792,314	13,704,528	12,944,337	760,190
Hocking	1,966,628	6,075,769	5,525,924	549,844
Holmes	2,506,783	7,669,664	6,863,302	806,362
Huron	6,818,041	19,148,495	17,324,314	1,824,181
Jackson	2,617,660	13,030,832	12,397,838	632,993
Jefferson	9,115,723	22,741,797	20,737,638	2,004,159
Knox	4,379,728	14,868,855	13,206,287	1,662,567
Lake	37,501,506	52,574,764	38,765,186	13,809,577
Lawrence	4,719,374	35,496,769	34,111,240	1,385,529
Licking	17,323,800	37,481,482	33,230,647	4,250,835
Logan	$ 4,413,775	$ 14,787,276	$ 13,438,770	$ 1,348,507
Lorain	35,663,317	96,231,424	85,392,606	10,838,818
Lucas	77,714,148	137,775,091	117,089,522	20,685,569
Madison	3,686,589	12,684,675	11,420,786	1,263,889
Mahoning	31,396,881	96,236,190	86,697,862	9,538,328
Marion	7,461,656	22,132,269	20,190,321	1,941,948
Medina	20,685,536	41,977,690	36,049,956	5,927,734
Meigs	1,619,674	9,064,792	8,529,623	535,168
Mercer	4,437,608	14,753,968	13,351,979	1,401,989
Miami	14,932,134	32,199,266	28,887,837	3,311,429
Monroe	1,330,459	5,941,127	5,423,579	517,548
Montgomery	99,468,401	171,531,065	146,973,220	24,557,845
Morgan	1,095,559	5,388,807	5,116,826	271,981
Morrow	2,443,588	10,372,923	9,569,478	803,445
Muskingum	8,896,029	35,810,278	33,363,106	2,447,172
Noble	930,409	3,979,404	3,663,044	316,360
Ottawa	6,027,489	7,783,762	6,325,794	1,457,968
Paulding	2,320,380	8,089,625	7,365,369	724,256
Perry	2,465,686	13,584,311	12,801,006	783,305
Pickaway	4,851,488	15,209,649	14,093,171	1,116,478
Pike	1,563,933	14,508,972	13,923,985	584,987
Portage	19,191,515	49,544,740	45,069,957	4,474,783
Preble	4,427,706	14,264,599	13,004,299	1,260,300
Putnam	4,399,310	12,513,152	11,433,931	1,079,221
Richland	17,719,841	42,280,124	37,457,468	4,822,656
Ross	7,222,234	23,005,702	21,009,753	1,995,950
Sandusky	8,452,164	20,347,243	18,176,848	2,170,395
Scioto	6,499,338	43,974,054	42,126,756	1,847,299
Seneca	6,936,090	16,920,647	15,337,420	1,583,228
Shelby	5,790,491	13,068,896	11,902,667	1,166,228
Stark	53,330,086	114,182,055	101,488,172	12,693,883
Summit	88,837,875	154,280,231	131,182,160	23,098,070
Trumbull	32,820,155	70,163,451	61,846,319	8,317,132
Tuscarawas	9,024,337	26,039,840	23,476,483	2,557,357
Union	4,048,922	6,204,618	5,079,016	1,125,603
Van Wert	3,733,891	7,739,048	6,760,181	978,867
Vinton	768,220	5,009,592	4,768,293	241,299
Warren	17,001,730	33,033,524	29,319,015	3,714,510
Washington	6,935,185	19,358,481	17,697,861	1,660,620
Wayne	13,609,970	30,120,670	26,508,748	3,611,923
Williams	4,832,933	11,240,460	10,145,103	1,095,357
Wood	19,389,637	32,871,460	28,670,955	4,201,506
Wyandot	2,551,406	6,389,467	5,755,438	634,029
Total	1,631,633,977	$3,349,474,921	$2,909,480,459	$452,435,187

* Ohio's Constitution requires 50% of all personal income tax collections to be returned to counties of origin. This requirement is met by school foundation payments and property tax reimbursements.

** This category includes reimbursement for the 10% rollback and the homestead exemption.

SOURCE: Records of the Office of Budget and Management.

Table 46

STATE INDIVIDUAL INCOME TAX

PERSONAL INCOME TAX RETURNS FILED BY EMPLOYERS AND INDIVIDUAL DURING FISCAL YEAR 1988 AND 1989

	1988				1989			
	Number of Returns		Amount of Tax Payment		Number of Returns		Amount of Tax Payment	
Type of Return	Number	Percent	Amount	Percent	Number	Percent	Amount	Percent
Employer (Withholding):								
Monthly & Quarterly	1,103,595	16.17%	$2,830,411,319	75.20%	1,171,314	16.38%	$3,100,401,885	73.70%
Annual	194,078	2.84	8,756,313	.23	217,356	3.04	10,281,818	0.24
Subtotal	1,297,673	19.01%	$2,839,167,632	75.43%	1,388,670	19.41%	$3,110,683,703	73.94%
Individual Taxpayer:								
Quarterly	899,070	13.18%	$582,048,594	15.47%	$956,091	13.37%	$695,108,173	16.52%
Annual	4,627,140	67.81	342,322,003	9.10	4,808,168	67.22	401,006,461	9.53
Subtotal	5,526,210	80.99%	$924,370,597	24.57%	5,764,259	80.59%	$1,096,114,634	26.06%
Total	6,823,883	100.00%	$3,763,538,229	100.00%	7,152,929	100.00%	$4,206,798,336	100.00%
Other Collections:								
Attorney General			$11,697,436				$12,578,065	
Assessment Payments			8,143,956				8,122,072	
Adjustment for Bad Checks			(260,626)				(382,007)	
Total			$19,580,766				$20,318,130	
Tax Refunded			(415,672,986)				(417,480,799)	
Total Net Tax Collected			$3,367,446,009				$3,809,635,668	

Table 47

STATE INDIVIDUAL INCOME TAX

PERSONAL INCOME TAX COLLECTIONS BY MONTH, FISCAL YEAR 1989

Month	Employer Withholding[a]	Individual Taxpayer[b]	Other Collections[c]	Refunds	Total
July	$ 235,800,843	$ 9,282,608	$ 2,183,431	$ (8,227,875)	$ 239,039,007
August	277,602,849	20,742,440	1,803,790	(4,846,459)	295,302,619
September	206,120,175	109,791,088	1,716,576	(10,104,506)	307,523,333
October	266,346,641	18,011,507	1,367,288	(4,883,725)	280,841,711
November	268,634,815	5,169,387	1,579,250	(11,730,430)	263,653,022
December	217,456,850	51,996,843	1,417,711	(2,214,200)	268,657,204
January	341,000,922	225,286,443	1,353,677	(3,140,996)	564,500,045
February	303,903,559	8,836,316	1,183,876	(49,148,234)	264,775,517
March	231,269,923	29,727,018	1,868,592	(119,026,216)	143,839,317
April	271,972,739	217,786,836	1,933,964	(129,009,651)	362,683,888
May	267,566,294	272,379,233	2,685,207	(48,716,358)	493,914,375
June	223,008,093	127,104,915	1,224,768	(26,432,147)	324,905,629
Total	$3,110,683,703	$1,096,114,634	$20,318,130	$(417,480,799)	$3,809,635,668

(a) Monthly, quarterly and annual returns
(b) Quarterly estimate and annual returns
(c) Attorney General collections, assessments, and bad checks

SCHOOL DISTRICT INDIVIDUAL INCOME TAX

In 1981, the Ohio General Assembly granted school districts the authority to levy an income tax. Certain provisions of that law were repealed in 1983 so that no additional school districts could levy the tax. Any school district enacting the tax before August 3, 1983, could continue to levy the tax. Prior to the repeal, voters approved the tax in six school districts, one of which repealed the tax through voter referendum in 1986. In 1989, the General Assembly reinstated provisions of the original law allowing additional school districts to levy the tax. With the passage of 17 ballot issues in 1989, a total of 22 school districts will impose the school district income tax in 1990 (see figure on next page).

The school district income tax is imposed on the incomes of residents and estates of the school district. The Department of Taxation administers the tax. Collections are made through employer withholding, individual quarterly estimated payments, and annual returns. During fiscal year 1989, total gross collections for all districts were $1.2 million, prior to deductions for administrative costs and refunds.

TAX BASE (R.C. 5748.01):

For individuals, adjusted gross income for state income tax purposes less personal exemptions. For estates, taxable income for state income tax purposes.

RATES (5748.02):

Rates must be multiples of a quarter of one percent. The rate must be approved by a vote of the school district residents before implementation. For tax year 1988, five school districts levied the school district income tax. The tax rates imposed are:

School District	Tax Rate
Anna Local	.50%
Arlington Local	.75
Bradford Exempted Village	1.00
McComb Local	1.00
West Liberty-Salem Local	.50

SPECIAL PROVISION:

Senior Citizen Credit: A taxpayer 65 years of age or older during the taxable year receives a $50 credit against the amount of school district income tax due. Only one credit is allowed for each return.

TAXPAYER (R.C. 5748.01):

Every individual or every estate residing in a school district which imposes the school district income tax.

PAYMENT DATES (R.C. 5747.06-5747.09):

Individual Taxpayers:

1. Calendar year taxpayer files an annual return between January 1 and April 15.
2. Fiscal year taxpayer files before the 15th day of the fourth month after the end of the fiscal year.
3. Taxpayer must file a quarterly estimated return on or before April 15 if the taxpayer expects to be under-withheld by more than $300 for the combined school district and state of Ohio individual income taxes. Quarterly payments of the tax must be made on or before April 15, June 15, and September 15 of the current year and January 15 of the next year.

For Employers:

1. If the employer withholds on a quarterly basis for state income tax purposes, payment is due for both taxes within 30 days after the quarter ending March, June, September, and December.
2. If the employer withholds on a monthly basis for state purposes, remittances are made for both taxes within 10 banking days after the end of each month.
3. If the employer withholds for any partial monthly withholding period for state purposes, payments are due within three banking days following the end of the partial monthly withholding period in which the state tax is due. Partial monthly withholding periods end on the 3rd, 7th, 11th, 15th, 19th, 22nd, 25th, and the last day of the month.

ADMINISTRATION (R.C. 5747.03):

The Tax Commissioner administers the tax for school districts.

DISPOSITION OF REVENUE (R.C. 5747.03):

Collections are deposited into a School District Income Tax Fund to be distributed back to the school district less 3% retained for state administrative purposes. During the first 16 months the school district income tax is in effect, advance payments to the school district will be made on the last day of April, July, and October of the first calendar year and on the last day of January and April of the following calendar year. Each of these advance payments will equal 90% of the amount paid into the fund during the preceding three months. On the last day of July, reconciliation between advance payments made to the school district and collections deposited into the School District Income Tax Fund are made. After this initial period, quarterly payments equal to the lesser of the amount available in the school district's account or 22.5% of the amount received for the school district during the preceding fiscal year are made in October, January, and April, with reconciliation each July.

OHIO REVISED CODE CITATIONS:

Chapters 5747 and 5748.

School District Income Tax Figure
OHIO SCHOOL DISTRICT INCOME TAX LEVIES

LEVIED IN CALENDAR YEAR 1990:

1.	Butler	New Miami Local (1%)	12.	Hamilton	Wyoming City (0.75%)
2.	Champaign	West Liberty-Salem (0.5%)	13.	Hancock	Arlington Local (0.75%)
3.	Champaign	Triad Local (1%)	14.	Hancock	McComb (1%)
4.	Clark	Southeastern Local (1%)	15.	Knox	Centerburg Local (0.5%)
5.	Columbiana	Crestview Local Public (1%)	16.	Knox	Danville Local (0.5%)
6.	Crawford	Buckeye Central Local (1.5%)	17.	Mercer	Coldwater Ex. Village (0.5%)
7.	Darke	Greenville City (0.5%)	18.	Miami	Bradford Ex. Village (1%)
8.	Darke	Mississinawa Valley (0.5%)	19.	Shelby	Anna Local (0.5%)
9.	Franklin	Reynoldsburg City (0.5%)	20.	Seneca	New Riegel Local (0.75%)
10.	Fulton	Evergreen Local (0.75%)	21.	Union	Fairbanks Local (0.75%)
11.	Greene	Fairborn City (0.5%)	22.	Wayne	Northwestern Local (1.25%)

DEALERS IN INTANGIBLES TAX

Prior to 1986, Ohio law provided for the taxation of five classes of intangible property--investments, credits, money, other intangible property, and shares in and capital employed by dealers in intangibles. Beginning in 1986, only the latter of the five is taxable.

In calendar year 1985, with all five classes of intangible property still taxable, $170,630,792 was collected, with over 90 percent being collected by local governments.

In calendar year 1989, with only the dealers in intangibles subject to the tax, a total of $14,191,665 was collected, with 5/8 going to local governments and 3/8 going to the state.

TAX BASE (R.C. 5725.13, 5725.14, 5725.15):

The tax base for dealers in intangibles is either:

1. shares of stock of incorporated dealers in intangibles and unincorporated dealers in intangibles with capital stock divided into shares; or
2. capital employed in Ohio by an unincorporated dealer in intangibles with capital stock not divided into shares.

For dealers in intangibles with offices in more than one state, the tax base is allocated to Ohio based on gross receipts from offices in Ohio.

RATES (R.C. 5707.03):

Rate on fair value of shares or capital employed is 8 mills.

EXEMPTIONS (R.C. 5709.04, 5725.01, 5725.26):

Excluded from definition of dealer in intangibles:

1. Institutions used exclusively for charitable purposes;
2. Insurance companies;
3. Financial institutions.

Shares owned by the following are excluded from base:

1. Financial institutions;
2. Domestic insurance companies;
3. Institutions used exclusively for charitable purposes;
4. Other dealers in intangibles.

TAXPAYER (R.C. 5725.01):

Firms having an office in Ohio and engaged in: (1) lending money; (2) discounting, buying, or selling bills of exchange, drafts, acceptances, notes, mortgages, or other evidences of indebtedness; or (3) buying or selling bonds, stocks, or other investment securities.

FILING AND PAYMENT DATES (R.C. 5725.06, 5725.10, 5725.14, 5725.16, 5725.22):

Second Monday in March -- Returns must be filed by this date unless a time extension (not to exceed 30 days) is allowed by the Tax Commissioner.

First Monday in May -- Tax Commissioner certifies tax base by county to State Treasurer.

State Treasurer issues tax bill within 20 days of certification by Tax Commissioner with payment due 20 to 30 days from the date the bill is mailed.

DISPOSITION OF REVENUE (R.C. 5725.15, 5725.24):

1. Three mills of receipts credited to state General Revenue Fund.
2. Five mills of receipts distributed to the county where the firm's capital was employed (determined on the basis of gross receipts). Revenue is placed in each county's undivided local government fund and distributed among the local subdivisions by the county budget commission.

OHIO REVISED CODE CITATIONS:

Chapters 5707, 5709, and 5725.

ADMINISTRATION (R.C. 5725.14):

Returns are filed with the Tax Commissioner -- who determines the taxable values. Taxes are collected by the State Treasurer.

Table 48

DEALERS IN INTANGIBLES TAX

TAXES LEVIED, CALENDAR YEARS 1985-1989

	1985	1986	1987	1988	1989
Local Share	$4,545,933	$5,721,400	$6,821,099	$7,587,651	$8,836,873
State Share	909.164	1.144.245	1.364.175	4.627.980	5.354.792
Total Collections	$5,455,097	$6,865,645	$8,185,274	$12,215,631	$14,191,665

Table 49

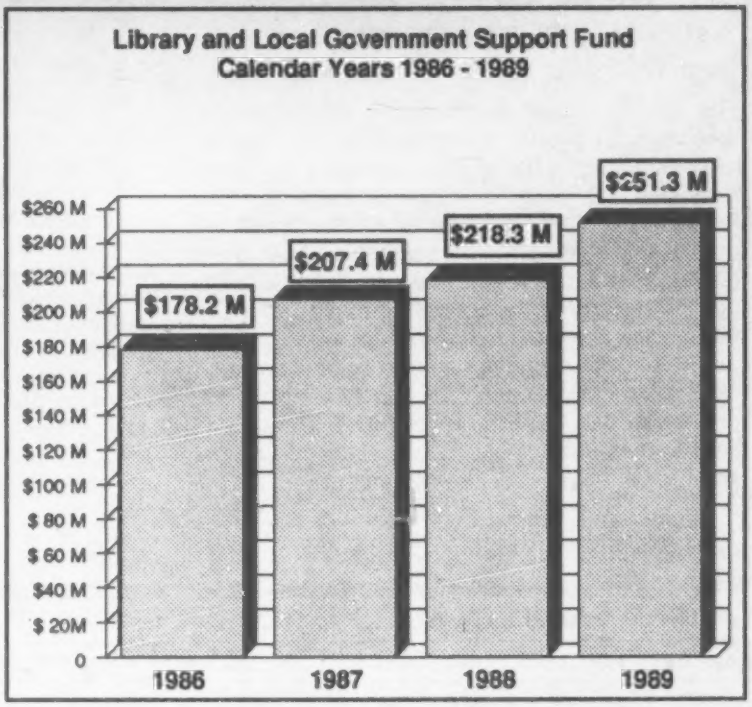
DEALERS IN INTANGIBLES TAX

COUNTY SHARE OF INTANGIBLE PROPERTY TAXES ASSESSED ON DEALERS IN INTANGIBLES, CALENDAR YEAR 1989

County	County Share of Assessed Taxes	County	County Share of Assessed Taxes	County	County Share of Assessed Taxes
Adams	-0-	Hardin	-0-	Pickaway	$ 4,135
Allen	$ 17,833	Harrison	-0-	Pike	928
Ashland	1,796	Henry	$633	Portage	14,188
Ashtabula	3,551	Highland	-0-	Preble	1,148
Athens	3,147	Hocking	427	Putnam	-0-
Auglaize	2,783	Holmes	-0-	Richland	31,462
Belmont	548	Huron	2,134	Ross	4,318
Brown	-0-	Jackson	1,790	Sandusky	657
Butler	46,999	Jefferson	9,516	Scioto	3,630
Carroll	-0-	Knox	1,218	Seneca	3,715
Champaign	-0-	Lake	102,432	Shelby	1,233
Clark	20,362	Lawrence	167,440	Stark	291,412
Clermont	201,910	Licking	9,785	Summit	328,812
Clinton	431	Logan	907	Trumbull	18,820
Columbiana	5,668	Lorain	36,965	Tuscarawas	6,418
Coshocton	5,535	Lucas	345,288	Union	1,780
Crawford	436	Madison	2,607	Van Wert	850
Cuyahoga	2,149,874	Mahoning	376,894	Vinton	-0-
Darke	1,934	Marion	8,334	Warren	1,684
Defiance	5,396	Medina	4,633	Washington	124,045
Delaware	3,687	Meigs	206	Wayne	5,456
Erie	11,284	Mercer	753	Williams	1,461
Fairfield	31,929	Miami	4,579	Wood	2,796
Fayette	4,707	Monroe	-0-	Wyandot	-0-
Franklin	1,558,435	Montgomery	1,160,355		
Fulton	102	Morgan	28	Total Local	
Gallia	1,881	Morrow	-0-	Revenue (5 mills)	$8,836,873
Geauga	-0-	Muskingum	12,890		
Greene	7,017	Noble	-0-	State General	
Guernsey	974	Ottawa	-0-	Revenue (3 mills)	5.354.792
Hamilton	1,596,786	Paulding	-0-		
Hancock	52,738	Perry	367	Grand Total	$14,191,665

LIBRARY AND LOCAL GOVERNMENT SUPPORT FUND

The library and local government support fund (LLGSF) was created in House Bill 291 of the 115th General Assembly to replace the locally-collected intangible property tax, which was repealed beginning in calendar year 1986. The purpose of the fund is to provide state aid to counties on a monthly basis for libraries and local governments which were receiving revenue from the intangible property tax. House Bill 291 created a 12-member Public Library Financing and Support Committee to assist the legislature and Governor in developing an equitable method of distributing the funds among the counties. The committee issued a report which included a distribution formula that was incorporated in House Bill 146. This bill was passed by the Legislature in May 1985, and signed into law by the Governor on July 12, 1985.



In the first distribution year, calendar year 1986, a total of $178.2 million was distributed to county governments by the Department of Taxation from the LLGSF. The Department distributed $207.4 million in 1987 and $218.3 million in 1988. During calendar year 1989 $251.3 million was distributed. During the calendar year 1989 distribution, approximately 98% of the total state library and local government support fund was distributed to libraries, while 2% went to local governments. Six counties provided local governments with monies from this fund.

REVENUE SOURCE (R.C. 5747.03):

The library and local government support fund consists of 6.3% of personal income tax collections.

DISTRIBUTIONS TO COUNTIES (R.C. 5747.46):

The distribution formula contained in Ohio Revised Code Section 5747.46 consists of two parts: the guaranteed share; and the share of the excess.

The guaranteed share for the calendar year 1989 distribution was equal to the 1988 total LLGSF for the year plus an inflation factor of 3.9%. Each county received a portion of the guaranteed share equal to the county's percentage of the state LLGSF total for 1988.

The share of the excess portion for calendar year 1989 was equal to the 1989 LLGSF total less the guaranteed share of the fund. This amount was distributed among counties based on their equalization ratios. The equalization ratio was determined by the county's most recent percentage of the state's population and the county's percentage share of the previous year's total distribution. Each county's equalization ratio was multiplied by the total amount of the share of the excess to determine each county's portion of that amount. The ratio will allow those counties that have had the lowest per capita intangible taxes levied in prior years the greatest per capita growth in funding, while assuring that all counties have relative growth.

MONTHLY DISTRIBUTION PROCEDURE (R.C. 5747.47 and 5747.48):

Allocations from the previous month's LLGSF balance to counties are made on or before the tenth of each month. The Department of Taxation determines the total amount available and then determines the allocation to be made to each county. The allocation of the county LLGSF is made by the county treasurer among the county, boards of public library trustees, municipal corporations, and the board of township park commissioners on or before the fifteenth of each month.

USE OF FUNDS DISTRIBUTED (R.C. 3375.05, 3375.121, 3375.40, 3375.403, 3375.82, 3375.85, and 5705.32):

The county budget commissions determine the amounts to be given to all libraries. The amount given to each library is based on its needs for building construction and improvement, operations, maintenance, and other expenses required for the library and its branches. The amount paid to all libraries shall never be a smaller percentage than the average percentage of the county's classified property taxes that were distributed to libraries in 1982, 1983, and 1984. After fixing the amount to be distributed to libraries in the county, the county budget commission shall fix an amount to distribute to municipal corporations in the county. Each municipal corporation shall receive a percentage of the remainder equal to the percent received of classified property taxes originating from such municipality in 1984.

REVENUE ENTITLEMENTS TO COUNTIES (5747.47):

The Department of Taxation certifies three entitlement figures to counties for each year, one by July 20th of the previous year, one in December of the previous year and the other in June of the distribution year. The certification made to counties in December will also certify the amount the county was entitled to receive under the distribution formula during the current calendar year, the amount the county actually received, and the difference between the two. During the first six months of the next year each county's distribution will be adjusted for any overpayment or underpayment in the preceding year. Table 50 shows the amounts actually distributed to the counties in 1989, which total $251.3 million.

Table 50

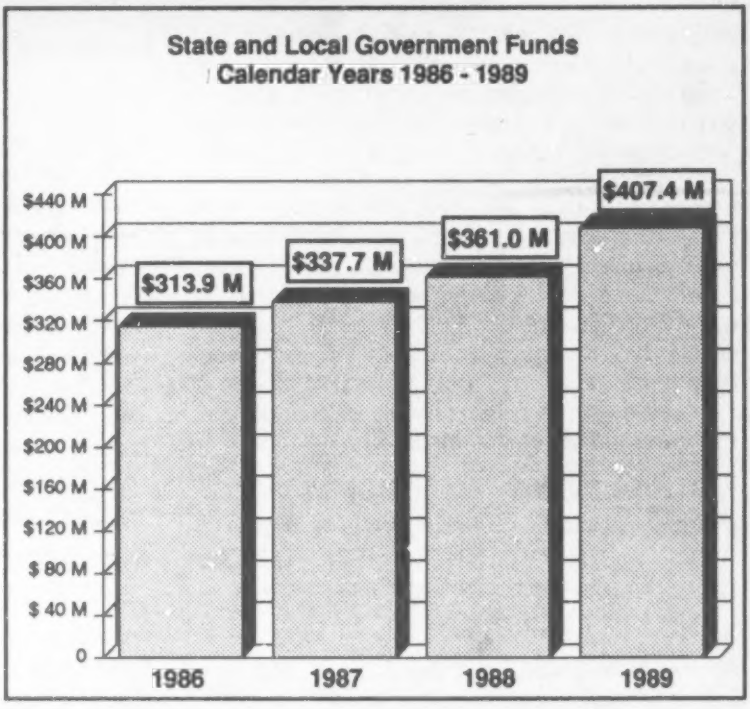
LIBRARY AND LOCAL GOVERNMENT SUPPORT FUND

AMOUNTS DISTRIBUTED TO COUNTIES, CALENDAR YEAR 1989

County	Amount Distributed	County	Amount Distributed	County	Amount Distributed
Adams	$407,427	Hamilton	$35,199,470	Noble	$224,973
Allen	2,141,852	Hancock	1,836,604	Ottawa	793,305
Ashland	936,411	Hardin	515,085	Paulding	345,271
Ashtabula	1,710,534	Harrison	409,827	Perry	513,401
Athens	941,150	Henry	475,030	Pickaway	720,961
Auglaize	867,391	Highland	591,976	Pike	401,338
Belmont	1,358,330	Hocking	400,907	Portage	2,462,373
Brown	562,434	Holmes	512,290	Preble	646,668
Butler	4,896,418	Huron	1,020,633	Putnam	558,070
Carroll	452,872	Jackson	555,338	Richland	2,643,257
Champaign	560,952	Jefferson	1,473,565	Ross	1,138,893
Clark	2,595,777	Knox	848,003	Sandusky	1,116,037
Clermont	2,360,354	Lake	4,613,564	Scioto	1,373,105
Clinton	697,872	Lawrence	1,019,448	Seneca	1,151,946
Columbiana	1,893,909	Licking	2,270,173	Shelby	872,017
Coshocton	689,203	Logan	690,565	Stark	8,078,601
Crawford	921,543	Lorain	4,639,649	Summit	11,858,680
Cuyahoga	42,435,715	Lucas	10,559,144	Trumbull	4,289,536
Darke	957,466	Madison	577,509	Tuscarawas	1,513,119
Defiance	696,629	Mahoning	5,261,678	Union	565,375
Delaware	1,242,886	Marion	1,163,524	Van Wert	547,834
Erie	1,754,894	Medina	2,095,066	Vinton	185,487
Fairfield	807,650	Meigs	383,509	Warren	1,874,123
Fayette	480,028	Mercer	720,213	Washington	1,103,466
Franklin	23,497,384	Miami	1,911,457	Wayne	2,184,376
Fulton	740,906	Monroe	259,141	Williams	752,562
Gallia	504,990	Montgomery	14,091,284	Wood	2,912,617
Geauga	2,447,002	Morgan	230,034	Wyandot	407,377
Greene	2,625,531	Morrow	442,489		
Guernsey	661,943	Muskingum	1,481,434	Total	$251,330,881

STATE AND COUNTY LOCAL GOVERNMENT FUNDS

The tables in this section deal with certain state-imposed taxes which are collected by the state treasurer but are distributed to local governments for their disposition. Revenues from these taxes are commonly referred to as local government fund moneys. Ohio has, in fact, 89 "local government" funds - one state "local government fund," and 88 county "undivided local government funds." These funds are closely interrelated in law and administrative practice, but by statute they are also sharply differentiated, both as to the revenues of which they are composed and the formulas under which they are distributed. Beginning July 1, 1989 there are also 88 county "undivided local government revenue assistance funds" and one state " local government revenue assistance fund." (See "RECENT LEGISLATION.")



The accompanying tables show state and county undivided local government fund and state and county undivided local government revenue assistance fund statistics for calendar year 1989. As shown in Table 51, the total state local government fund increased from approximately $361.0 million in 1988 to approximately $407.4 million in 1989, a 12.85% increase. The greater part of the growth was due to a greater than normal growth in collections from the taxes which comprise the local government fund, while a small part of the growth can be attributed to the increase in the percentage (from 4.5% to 4.6%) of the tax collections credited to the fund. Also shown in Table 51 is a decrease in the portion of the dealers in intangibles tax credited to the state local government fund, from $8.3 million in 1988 to $7.7 million in 1989, a 7.63% decrease. This was the first decrease in funds from this source since 1984. The descriptions which follow reflect statutes enacted and in force during 1989.

REVENUE SOURCES FOR STATE LOCAL GOVERNMENT FUND AND STATE LOCAL GOVERNMENT REVENUE ASSISTANCE FUND (R.C. 5727.45, 5733.12, 5739.21, 5741.03, 5747.03):

The state local government fund was composed of 4.5% (4.6% beginning July 1, 1989) of the state sales tax, use tax, personal income tax, corporate franchise tax, and public utility excise tax. The state local government revenue assistance fund, which came into being July 1, 1989, is composed of 0.3% of the same five taxes (0.6% effective July 1, 1990).

DETERMINATION OF COUNTY AND MUNICIPAL PORTIONS (R.C. 5747.50):

Before state local government fund revenues are distributed to local governments, the total amount in the fund is divided into county and municipal portions. This division of the state local government fund

DETERMINATION OF COUNTY AND MUNICIPAL PORTIONS (R.C. 5747.50): (cont'd)

is determined by statutory formula. The total amount distributed to the county undivided local government funds equals: (1) nine-tenths of the difference between the amount transferred to the state local government fund and 145.45% of the 1983 deposits tax revenue; plus (2) 145.45% of the 1983 deposits tax revenue; less (3) $6 million. The remainder (1/10 of the difference between the amount transferred and 145.45% of the 1983 deposits tax plus $6 million) is distributed directly to municipalities. Unlike the state local government fund, there is no direct distribution to municipalities from the state local government revenue assistance fund. All monies in this fund go to the county undivided local government revenue assistance funds.

DISTRIBUTIONS TO COUNTY UNDIVIDED LOCAL GOVERNMENT FUNDS AND COUNTY UNDIVIDED LOCAL GOVERNMENT REVENUE ASSISTANCE FUNDS (R.C. 5747.501, 5747.61):

Each year, each county's share of the local government fund is determined as follows:

FORMULA 1: Each county receives 145.45% of the deposits taxes it actually received from financial institutions in 1983. Nine-tenths of the remaining revenue in the fund (less $6 million) is distributed on the basis of the county's population at the last decennial census and the value of property within municipalities in the county for the second preceding year (25% is distributed based on population and 75% is distributed based on municipal property values). The minimum distribution from the population/valuation segment is $225,000. These two amounts are added together to determine the county's "formula 1" amount.

FORMULA 2: Nine-tenths of the total state local government fund (less $6 million) is distributed to the counties based on county population and county municipal property values (25% based on population and 75% based on property values). The minimum distribution is $225,000. This is the county's "formula 2" amount.

The higher of these two formula allocations (called the "assigned amount") is taken for each county and these amounts for the 88 counties are added together to get a statewide total. Each county's "assigned amount" is then computed as a percentage of the total of the 88 "assigned amounts." Each county's percentage is its share of the county portion of the state local government fund. These percentages are applied against the total amount in the fund to determine each county's distribution.

However, regardless of the resulting amounts, each county is guaranteed at least the amount it actually received in 1983. In addition, each county undivided local government fund receives five mills of the tax on dealers in intangibles attributed to that county. Each county's share of the state local government revenue assistance fund is determined each year based upon the county's population compared to the total population for the state. The population used is the more recent of either the latest federal estimated census figures or the latest decennial census figures that include population totals as of June 1 of the preceding year.

DIRECT DISTRIBUTIONS TO MUNICIPALITIES (R.C. 5747.50):

Each municipality levying an income tax in the preceding year is eligible to receive a share of the municipal portion of the state local government fund. The share each receives equals its percentage of total municipal income taxes collected in the state in the second preceding year.

MONTHLY DISTRIBUTION PROCEDURE (R.C. 5747.50, R.C. 5747.61):

Allocations from the state local government fund to both municipal corporations and counties and from the state local government revenue assistance fund to counties are made on or before the tenth of each month. Only the portion of the state local government fund distributed to the counties is subject to possible further adjustments--to meet a minimum allocation per month of $25,000 and a minimum allocation per year equal to the amount actually received in calendar year 1983. The statutes authorize adjustments to be made in December to ensure each county the minimum allocation to which it is entitled for the entire calendar year. They also authorize monies to be withheld during December or the ensuing calendar year so that the total amount received by a county does not exceed the proportionate share to which it is entitled or its statutory minimum, whichever is greater.

USE OF FUNDS DISTRIBUTED TO MUNICIPALITIES AND COUNTIES (R.C. 5747.50-5747.53 & R.C. 5747.61-5747.63):

All amounts received by a municipal corporation from the municipal portion of the state local government fund are paid into the municipality's general fund to be used for any lawful purpose. However, the amount which a county receives from the state local government fund is expressly designated for deposit in the county's undivided local government fund, where it is combined with revenue from one other source, state-collected intangible taxes paid by dealers in intangibles which are returned to the counties of origin. The amount which a county receives from the state local government revenue assistance fund is expressly designated for deposit in the county's undivided local government revenue assistance fund. From the county undivided local government fund and the county undivided local government revenue assistance fund the monies are then disbursed to local governments to be used for current operating expenses--to the county government itself, to municipalities, townships, and special districts. The statutes provide for these fund distributions to be made according to percentage determinations previously arrived at by each county budget commission on the basis of revenue estimates supplied by the Department of Taxation and according to specific statutory guidelines which are intended to yield a distribution which reflects the "needs" of the various recipient governmental units or according to alternative apportionment methods or formulas devised by the county budget commission. Such alternative apportionments are authorized if approved by subdivisions within the county as required by statute.

REVENUES DISTRIBUTED TO LOCAL GOVERNMENTS IN 1989:

In 1989, approximately $407.4 million from the state local government fund and $12.9 million from the state local government revenue assistance fund was distributed to local governments. An additional $7.7 million was distributed to the county undivided local government funds from the tax on dealers in intangibles. Table 52 shows the amounts distributed from the state local government fund to counties and municipalities, by county, in 1989. Table 52A shows the amounts distributed from the state local government revenue assistance fund to counties in 1989. Table 53 shows the amounts distributed to counties for redistribution by the county budget commissions in 1989. The amount actually distributed by the budget commissions in 1988 are shown in Table 54 by type of subdivision for each county.

RECENT LEGISLATION:

Amended Substitute House Bill 111, effective July 1, 1989.

R.C. 5747.61, 5747.62, 5747.63: Provides for the calculation and certification of each county's proportionate share of the state local government revenue assistance fund. Provides for the distribution of each county's undivided local government revenue assistance fund to subdivisions within the county.

Temporary law sections 143 and 146. Makes same provisions as above for last six months of 1989. Provides funds for July, 1989 distribution from state local government revenue assistance fund.

Table 51

STATE AND COUNTY LOCAL GOVERNMENT FUNDS

TOTAL STATE-COLLECTED REVENUES DISTRIBUTED FOR GENERAL LOCAL GOVERNMENTAL PURPOSES, CALENDAR YEARS 1985-1989

Year	Total State Local Government Fund		Dealers In Intangible Taxes		State LGF and Intangible Taxes Combined	
	Amount	Percent Increase	Amount	Percent Increase	Amount	Percent Increase
1985	$298,436,550	7.57%	$6,038,325	26.49%	$304,474,875	7.89%
1986	313,922,173	5.19%	6,660,869	10.31%	320,583,042	5.29%
1987	337,670,959	7.57%	7,739,207	16.19%	345,410,166	7.74%
1988	360,971,866	6.90%	8,348,182	7.87%	369,320,048	6.92%
1989	407,357,201	12.85%	7,710,905	-7.63%	415,068,106	12.39%
1989	$12,922,943*					

* Distributions for last six months of 1989 for State Local Government Revenue Assistance Fund

Source: Records of the Ohio Department of Taxation

Table 52

STATE AND COUNTY LOCAL GOVERNMENT FUNDS

STATE LOCAL GOVERNMENT FUND:*
AMOUNTS DISTRIBUTED TO COUNTIES AND MUNICIPALITIES, BY COUNTY, CALENDAR YEAR 1989

County	To County Undivided Local Government Fund	To Municipalities	Total	County	To County Undivided Local Government Fund	To Municipalities	Total
Adams	$ 423,846	$ 228	$ 424,074	Logan	$ 1,092,184	$ 45,183	$ 1,137,366
Allen	3,336,880	193,888	3,530,768	Lorain	9,987,414	582,400	10,569,815
Ashland	1,310,934	87,227	1,398,161	Lucas	17,669,318	2,469,605	20,138,923
Ashtabula	2,597,909	143,903	2,741,811	Madison	723,558	27,732	751,290
Athens	1,145,167	62,346	1,207,513	Mahoning	7,380,071	483,538	7,863,609
Auglaize	1,433,119	69,491	1,502,610	Marion	1,852,601	75,439	1,928,040
Belmont	2,188,236	17,155	2,205,391	Medina	3,322,262	108,915	3,431,177
Brown	641,382	5,402	646,784	Meigs	426,526	4,192	430,719
Butler	8,340,182	601,965	8,942,147	Mercer	1,273,603	43,829	1,317,431
Carroll	448,847	8,366	457,213	Miami	2,834,653	157,276	2,991,928
Champaign	860,045	34,420	894,465	Monroe	339,531	4,892	344,422
Clark	3,517,316	319,382	3,836,698	Montgomery	19,669,432	2,581,322	22,250,754
Clermont	1,933,050	21,808	1,954,858	Morgan	371,797	7,178	378,975
Clinton	866,568	22,360	888,927	Morrow	398,093	10,969	409,061
Columbiana	2,640,304	105,519	2,745,823	Muskingum	1,997,866	126,021	2,123,887
Coshocton	984,046	38,523	1,022,569	Noble	360,551	-0-	360,551
Crawford	1,535,103	58,872	1,593,975	Ottawa	1,031,079	45,335	1,076,414
Cuyahoga	72,525,748	7,808,021	80,333,769	Paulding	427,518	-0-	427,518
Darke	1,456,030	44,215	1,500,246	Perry	520,524	10,923	531,448
Defiance	1,230,759	59,279	1,290,038	Pickaway	941,636	38,748	980,384
Delaware	1,787,707	67,079	1,854,786	Pike	429,726	-0-	429,726
Erie	2,293,846	110,536	2,404,382	Portage	3,186,735	236,386	3,423,121
Fairfield	2,380,915	85,040	2,465,954	Preble	832,432	29,519	861,951
Fayette	664,008	24,387	688,395	Putnam	910,927	30,892	941,819
Franklin	43,116,575	4,789,487	47,906,062	Richland	4,154,975	285,790	4,440,765
Fulton	1,243,758	77,830	1,321,588	Ross	1,802,698	105,879	1,908,577
Gallia	593,661	24,864	618,525	Sandusky	1,934,292	85,310	2,019,602
Geauga	1,406,210	43,677	1,449,887	Scioto	1,720,380	57,761	1,778,140
Greene	4,276,171	148,391	4,424,563	Seneca	2,028,226	114,856	2,143,082
Guernsey	1,083,315	43,956	1,127,271	Shelby	1,488,973	112,959	1,601,932
Hamilton	33,797,846	3,876,176	37,674,022	Stark	11,028,274	787,768	11,816,043
Hancock	2,282,972	122,295	2,405,267	Summit	18,347,173	1,904,842	20,252,014
Hardin	808,181	34,053	842,234	Trumbull	6,399,626	348,618	6,748,244
Harrison	422,371	6,690	429,061	Tuscarawas	2,773,888	132,801	2,906,688
Henry	802,342	29,479	831,822	Union	618,807	22,798	641,605
Highland	830,302	31,194	861,496	Van Wert	909,426	42,573	951,999
Hocking	529,572	26,531	556,102	Vinton	315,959	-0-	315,959
Holmes	511,390	7,159	518,549	Warren	2,322,110	96,609	2,418,719
Huron	1,698,818	104,061	1,802,879	Washington	1,596,249	72,995	1,669,244
Jackson	731,501	-0-	731,501	Wayne	3,024,417	149,622	3,174,040
Jefferson	2,916,097	115,829	3,031,925	Williams	1,220,210	81,591	1,301,801
Knox	1,218,786	58,253	1,277,039	Wood	3,020,843	210,273	3,231,116
Lake	12,439,893	644,502	13,084,395	Wyandot	691,093	26,657	717,749
Lawrence	1,120,961	23,993	1,144,953				
Licking	3,468,253	180,795	3,649,049	Total	$375,218,581	$32,138,581	$407,357,201

* The state local government fund consists of 4.6% of monthly collections of the personal income tax, state sales tax, state use tax, corporation franchise tax, and public utility excise tax (changed from 4.5% effective July 1, 1989).

Table 52A

STATE AND COUNTY LOCAL GOVERNMENT FUNDS

STATE LOCAL GOVERNMENT REVENUE ASSISTANCE FUND*: AMOUNTS DISTRIBUTED TO COUNTIES, BY COUNTY, CALENDAR YEAR 1989

County	To County Undivided Local Government Revenue Assistance Fund	County	To County Undivided Local Government Revenue Assistance Fund
Adams	$ 30,598	Logan	$ 48,933
Allen	133,347	Lorain	322,056
Ashland	55,601	Lucas	555,174
Ashtabula	119,655	Madison	42,504
Athens	70,245	Mahoning	323,722
Auglaize	53,220	Marion	77,150
Belmont	90,247	Medina	143,109
Brown	42,623	Meigs	28,098
Butler	333,009	Mercer	46,671
Carroll	31,908	Miami	108,939
Champaign	42,147	Monroe	18,454
Clark	176,565	Montgomery	684,234
Clermont	175,136	Morgan	17,025
Clinton	42,623	Morrow	32,860
Columbiana	129,298	Muskingum	100,129
Coshocton	42,861	Noble	13,216
Crawford	57,982	Ottawa	47,624
Cuyahoga	1,703,502	Paulding	25,122
Darke	64,768	Perry	38,218
Defiance	47,386	Pickaway	55,482
Delaware	74,769	Pike	30,122
Erie	92,509	Portage	166,088
Fairfield	120,964	Preble	47,267
Faytette	32,622	Putnam	40,480
Franklin	1,116,896	Richland	153,587
Fulton	46,076	Ross	81,437
Gallia	35,956	Sandusky	74,055
Geauga	94,414	Scioto	97,510
Greene	158,944	Seneca	73,579
Guernsey	47,624	Shelby	52,862
Hamilton	1,040,579	Stark	445,877
Hancock	78,341	Summit	611,965
Hardin	37,623	Trumbull	273,598
Harrison	18,811	Tuscarawas	101,320
Henry	33,813	Union	39,171
Highland	42,504	Van Wert	35,718
Hocking	30,003	Vinton	13,811
Holmes	37,147	Warren	132,275
Huron	67,030	Washington	75,603
Jackson	35,837	Wayne	123,941
Jefferson	97,986	Williams	44,052
Knox	56,910	Wood	132,751
Lake	255,620	Wyandot	26,193
Lawrence	74,650		
Licking	150,610	Total	$12,922,943

* The state local government revenue assistance fund consists of 0.3% of monthly collections of the personal income tax, state sales tax, state use tax, corporation franchise tax, and public utility excise tax. Implementation of the fund began July 1, 1989.

Table 53

STATE AND COUNTY LOCAL GOVERNMENT FUNDS

COUNTY UNDIVIDED LOCAL GOVERNMENT FUNDS: AMOUNTS DISTRIBUTED TO COUNTIES FOR REDISTRIBUTION TO SUBDIVISIONS BY COUNTY BUDGET COMMISSIONS, BY COUNTY AND BY SOURCE, CALENDAR YEAR 1989

County	State Local Government Fund*	Intangible Taxes (R.C. 5725.24)**	Total State Revenues For County Undivided Local Government Funds
Adams	$ 423,846	-0-	$ 423,846
Allen	3,336,880	$ 19,008	3,355,888
Ashland	1,310,934	2,096	1,313,031
Ashtabula	2,597,909	3,765	2,601,674
Athens	1,145,167	2,631	1,147,797
Auglaize	1,433,119	2,783	1,435,902
Belmont	2,188,236	548	2,188,785
Brown	641,382	-0-	641,382
Butler	8,340,182	48,686	8,388,868
Carroll	448,847	-0-	448,847
Champaign	860,045	-0-	860,045
Clark	3,517,316	25,220	3,542,537
Clermont	1,933,050	140,077	2,073,127
Clinton	866,568	486	867,053
Columbiana	2,640,304	5,917	2,646,221
Coshocton	984,046	5,561	989,607
Crawford	1,535,103	561	1,535,664
Cuyahoga	72,525,748	1,902,458	74,428,206
Darke	1,456,030	1,987	1,458,018
Defiance	1,230,759	5,951	1,236,709
Delaware	1,787,707	3,669	1,791,377
Erie	2,293,846	13,274	2,307,120
Fairfield	2,380,915	37,401	2,418,316
Fayette	664,008	3,897	667,905
Franklin	43,416,575	1,341,307	44,457,882
Fulton	1,243,758	102	1,243,860
Gallia	593,661	1,761	595,422
Geauga	1,406,210	1,152	1,407,362
Greene	4,276,171	7,878	4,284,049
Guernsey	1,083,315	18,527	1,101,842
Hamilton	33,797,846	1,519,427	35,317,274
Hancock	2,282,972	53,021	2,335,993
Hardin	808,181	-0-	808,181
Harrison	422,371	-0-	422,371
Henry	802,342	665	803,008
Highland	830,302	-0-	830,302
Hocking	529,572	427	529,999
Holmes	511,390	-0-	511,390
Huron	1,698,818	2,233	1,701,051
Jackson	731,501	1,666	733,167
Jefferson	2,916,097	10,178	2,926,274
Knox	1,218,786	1,244	1,220,030
Lake	12,439,893	78,869	12,518,763
Lawrence	1,120,961	116,317	1,237,278
Licking	3,468,253	10,447	3,478,700
Logan	$ 1,092,184	$ 907	$ 1,093,091
Lorain	9,987,414	48,847	10,036,262
Lucas	17,669,318	287,981	17,957,299
Madison	723,558	2,607	726,166
Mahoning	7,380,071	266,520	7,646,591
Marion	1,852,601	8,414	1,861,014
Medina	3,322,262	5,596	3,327,860
Meigs	426,526	210	426,737
Mercer	1,273,603	753	1,274,355
Miami	2,834,653	5,218	2,839,870
Monroe	339,531	-0-	339,531
Montgomery	19,669,432	1,016,365	20,685,797
Morgan	371,797	28	371,825
Morrow	398,093	34	398,126
Muskingum	1,997,866	13,043	2,010,909
Noble	360,551	-0-	360,551
Ottawa	1,031,079	-0-	1,031,079
Paulding	427,518	-0-	427,518
Perry	520,524	409	520,933
Pickaway	941,636	4,177	945,813
Pike	429,726	928	430,655
Portage	3,186,735	14,288	3,201,023
Preble	832,432	1,148	833,580
Putnam	910,927	-0-	910,927
Richland	4,154,975	30,557	4,185,532
Ross	1,802,698	4,433	1,807,131
Sandusky	1,934,292	657	1,934,949
Scioto	1,720,380	3,685	1,724,065
Seneca	2,028,226	3,715	2,031,941
Shelby	1,488,973	1,233	1,490,206
Stark	11,028,274	208,435	11,236,710
Summit	18,347,173	269,375	18,616,548
Trumbull	6,399,626	19,897	6,419,523
Tuscarawas	2,773,888	6,960	2,780,848
Union	618,807	1,849	620,657
Van Wert	909,426	927	910,353
Vinton	315,959	-0-	315,959
Warren	2,322,110	1,684	2,323,795
Washington	1,596,249	78,423	1,674,672
Wayne	3,024,417	6,004	3,030,421
Williams	1,220,210	1,523	1,221,732
Wood	3,020,843	2,809	3,023,652
Wyandot	691,093	65	691,157
Total	$375,218,581	$7,710,905	$382,929,486

* From Table 52, column heading "To County Undivided Local Government Fund."

** State-collected intangible taxes paid by dealers in intangibles and returned to counties of origin pursuant to R.C. 5725.24.

Table 54

STATE AND COUNTY LOCAL GOVERNMENT FUNDS

DISTRIBUTION OF COUNTY UNDIVIDED LOCAL GOVERNMENT FUNDS, BY COUNTY, CALENDAR YEAR 1988

County	Amount Distributed by Subdivision Class			
	County	Townships	Municipalities	Total
Adams	$ 207,370	$ 127,839	$ 79,532	$ 414,740
Allen	1,109,503	430,729	1,499,675	3,111,104*
Ashland	602,305	201,468	403,873	1,207,646
Ashtabula	1,070,422	284,182	1,028,952	2,415,398*
Athens	518,448	103,690	414,758	1,036,895
Auglaize	452,372	150,359	693,464	1,296,194
Belmont	679,775	355,742	998,339	2,033,856
Brown	293,771	197,267	96,504	587,542
Butler	3,812,847	324,595	3,250,402	7,625,695*
Carroll	249,823	62,456	104,093	416,371
Champaign	405,867	81,347	325,202	812,416
Clark	1,482,749	122,631	1,616,657	3,222,037
Clermont	956,672	191,334	765,337	1,913,343
Clinton	358,304	78,748	350,430	787,482
Columbiana	1,219,840	243,968	975,872	2,439,680
Coshocton	442,307	157,258	285,049	904,614*
Crawford	719,036	143,806	575,229	1,438,072
Cuyahoga	20,543,790	152,016	46,893,063	68,479,300*
Darke	347,869	202,990	775,873	1,326,732
Defiance	473,303	306,255	328,528	1,113,654*
Delaware	765,454	196,186	618,938	1,580,577
Erie	1,011,289	337,097	758,467	2,106,853
Fairfield	1,086,866	239,500	847,367	2,173,733
Fayette	226,451	61,137	323,781	611,368
Franklin	11,009,493	1,985,888	20,923,274	35,892,757*
Fulton	510,962	204,393	420,141	1,135,516
Gallia	234,978	71,040	240,442	546,460
Geauga	473,214	628,947	143,140	1,245,301
Greene	1,565,219	324,933	1,663,437	3,692,425*
Guernsey	506,647	101,234	405,413	1,013,295
Hamilton	12,975,492	2,751,096	14,572,212	30,665,000*
Hancock	1,034,351	348,513	702,514	2,110,920*
Hardin	372,704	149,080	223,625	745,409
Harrison	206,649	103,324	103,324	413,297
Henry	338,035	94,961	288,659	721,654
Highland	380,324	129,310	251,014	760,648
Hocking	256,260	121,913	87,754	465,928
Holmes	300,242	140,113	60,048	500,403
Huron	528,011	179,353	848,210	1,555,573
Jackson	321,030	89,889	231,142	642,061
Jefferson	1,292,821	344,971	1,091,406	2,729,198
Knox	571,675	148,636	423,040	1,143,350
Lake	988,445	564,018	7,256,529	8,957,362*
Lawrence	694,682	115,780	347,341	1,157,804
Licking	1,561,577	337,925	1,223,652	3,123,154
Logan	$ 494,088	$ 157,516	$ 336,572	$ [illegible]175
Lorain	4,436,360	526,086	3,910,274	[illegible]720**
Lucas	4,893,387	425,945	10,650,522	16,650,130*
Madison	329,268	97,225	226,857	653,369
Mahoning	3,842,727	1,918,126	2,258,722	8,019,575
Marion	727,241	171,116	812,099	1,711,156*
Medina	1,124,819	443,775	1,253,657	3,045,814*
Meigs	166,945	125,209	125,209	417,363
Mercer	500,589	209,549	454,022	1,164,160
Miami	858,614	307,563	1,371,220	2,563,027*
Monroe	178,935	86,465	56,553	332,236*
Montgomery	7,847,798	1,085,528	9,036,284	18,251,839*
Morgan	181,905	85,423	96,482	363,810
Morrow	222,578	84,951	63,435	370,963
Muskingum	765,863	212,597	858,136	1,836,596
Noble	211,683	74,089	67,033	352,805
Ottawa	446,105	184,735	308,329	939,169
Paulding	200,721	75,300	133,867	409,887
Perry	231,897	104,394	127,503	463,794
Pickaway	420,080	100,819	319,261	840,159
Pike	230,139	86,852	101,444	418,434
Portage	1,205,062	201,231	1,501,675	2,907,968
Preble	370,250	74,050	296,200	740,499
Putnam	252,277	193,413	395,234	840,924
Richland	1,695,170	320,199	1,751,675	3,767,043
Ross	683,610	332,528	666,163	1,682,300
Sandusky	890,978	177,012	699,215	1,781,956*
Scioto	564,521	157,600	853,880	1,576,001
Seneca	820,399	273,466	729,243	1,823,108
Shelby	624,009	156,002	520,008	1,300,019
Stark	4,570,818	1,673,824	4,112,132	10,356,775
Summit	5,497,300	1,690,171	9,534,119	16,721,591
Trumbull	2,954,973	1,040,145	1,914,829	5,909,947
Tuscarawas	885,833	506,190	1,138,929	2,530,952
Union	317,128	126,767	84,652	528,547
Van Wert	411,796	143,801	265,516	826,987*
Vinton	154,586	64,926	89,660	309,171
Warren	941,300	235,325	840,446	2,101,116*
Washington	702,006	391,669	467,379	1,561,053
Wayne	1,381,701	276,340	1,105,360	2,763,401
Williams	414,129	146,294	559,752	1,120,176
Wood	951,320	269,330	1,467,297	2,687,948
Wyandot	316,345	158,172	158,172	632,690
Total	$130,076,536	$28,859,631	$177,234,715	$341,908,171***

* Includes amount(s) for park district(s) not shown in preceding columns.

** Includes amount(s) for public assistance not shown in preceding columns.

*** Includes amounts not contained in preceding subdivision class columns totalling $5,237,269 for park districts in 20 counties, and $500,000 public assistance in 1 county.

MOTOR VEHICLE FUEL TAX

An excise tax is imposed on all dealers in motor vehicle fuel upon the use, distribution, or sale within the state of Ohio of fuel used in generating power for the propulsion of motor vehicles. The fuel tax is actually composed of five separate levies: three levies of two cents each; one levy of one cent; and a cents per gallon rate. The cents per gallon rate in effect during fiscal year 1989 was 7.8 cents. This rate is based upon the factors of highway maintenance costs and motor vehicle fuel consumption. Prior to March 1, 1984, the cents per gallon rate was adjusted annually; however, the cents per gallon statute had a built in cap of five cents per gallon. This cap was reached as of March 1, 1983 and remained there until the built-in cap was removed effective July 1, 1987, resulting in the cents per gallon rate increasing to 7.7 cents per gallon. The calculation for 1988 resulted in a cents per gallon rate of 7.8 cents per gallon effective July 1, 1988. In 1989 the Ohio Legislature specified the cents per gallon rate to be 11 cents per gallon effective July 15, 1989, and 13 cents per gallon effective July 1, 1990. (See **"Recent Legislation."**) This rate will again be calculated annually in June beginning in 1991, subject to a maximum annual increase of one cent per gallon.

After amounts are set aside for refunds, the Waterways Safety Fund, and highway bond retirement, the remaining fuel tax receipts are distributed in approximately the following proportions: 75% to the state, 10.7% to municipalities, 9.3% to counties, and 5% to townships. All of this money is earmarked for highway related purposes in accordance with Article XII, Section 5a of the Ohio Constitution.

There are other provisions in Ohio law concerning the taxation of motor fuel and distribution of tax receipts: a portion of the motor fuel tax collected on fuel sold by the Ohio Turnpike Commission stations is returned to the Commission for turnpike projects; a use tax is imposed on operators of vehicles subject to the Ohio highway use tax for fuel purchased outside of the state but consumed in Ohio; and dealers receive a credit which effectively equals 2.0 cents per gallon on gasohol. This credit will be reduced to an effective rate of 1.5 cents per gallon on 7/1/90. Effective 10/1/93 this credit will be repealed.

Motor vehicle fuel wholesalers and distributors, rather than retailers remit the tax. In fiscal year 1989, motor fuel tax receipts were $794.4 million.

TAX BASE (R.C. 5735.06):

Gallons of motor vehicle fuel sold, used, or distributed in Ohio.

RATES:

Ohio Revised Code Section	Tax Rate Per Gallon
5735.30	1.0 cent
5735.05	2.0 cents
5735.25	2.0 cents
5735.29	2.0 cents
5735.05*	7.8 cents (11 cents effective 7/15/89)
Total Rate Per Gallon	**14.8 cents** (18 cents effective 7/15/89)

* Cents per gallon rate - See description under **"Special Provisions."**

DEDUCTIONS, REFUNDS, AND CREDITS:

1. Dealers may claim the following deductions from their reported gallonage. (R.C. 5735.05, 5735.06):
   (a) Sales made either by tank car or cargo lots for purposes other than propelling motor vehicles on public highways or on waters within Ohio.
   (b) Sales of motor fuel made by licensed dealers to other licensed dealers for delivery by tank car or boat.
   (c) Export of motor fuel to other states or foreign countries.
   (d) Sales of motor fuel for exclusive use of the United States Government or its agencies.
   (e) Sales of motor fuel that is in the process of transportation in either interstate or foreign commerce.
   (f) Sales of motor fuel to be used exclusively for the propulsion of aircraft.
   (g) Three percent of net taxable gallons of motor fuel to cover evaporation, shrinkage, and other losses. This deduction is only two percent on motor fuel sold to a retailer.
2. Persons who have purchased motor vehicle fuel on which the fuel tax has been paid may receive a refund under the following conditions (R.C. 5735.13, 5735.14, 5735.141, 5735.142, 5735.18):
   (a) Fuel used in the following ways: to operate or propel stationary gas engines; tractors used for off-highway purposes; unlicensed motor vehicles used exclusively in intraplant operations.

DEDUCTIONS, REFUNDS, AND CREDITS: (cont'd)

(b) Motor fuel used by watercraft in the following ways: vessels used entirely for commercial purposes such as trade or fishing; vessels used in Boy Scout training; vessels used or owned by railroad car ferry companies; vessels used or owned by federal, state, and local governments.

(c) Fuel used for cleaning or dyeing.

(d) Motor fuel used by local transit systems except for the one-cent bond retirement levy:

(e) Motor fuel used in aircraft.

(f) One percent of the motor fuel tax paid on fuel purchased by retailers to cover losses from shrinkage and evaporation.

(g) Fuel lost or destroyed through theft, fire, explosion, lightning and other natural disasters.

(h) Any person, other than a dealer, who sells the fuel or uses the fuel outside Ohio, or who sells the fuel to the U.S. government or any of its agencies.

3. Dealers may receive the following credit against their fuel tax liability (R.C. 5735.145):

20 cents per gallon of qualified ethanol. Qualified ethanol is defined as "Ethanol produced through a coal-fired process from wood or the grain of a cereal grass and denatured in accordance with the United States bureau of alcohol and tax regulations." Ethanol produced in a manufacturing facility with an annual production capacity of less than 2,000,000 gallons and otherwise qualified for the credit does not have to be produced through a coal-fired process. This credit effectively equals 2.0 cents per gallon of gasohol containing no more than ten percent qualified ethanol combined with gasoline. Legislation enacted in 1987 reduces the credit to 15 cents effective 7/1/90 and repeals the credit effective 10/1/93.

TAXPAYER (R.C. 5735.01):

Dealers who import into Ohio, produce, refine, prepare, distill, and otherwise process motor vehicle fuel for use, distribution, or sale and delivery in Ohio; or who purchase motor vehicle fuel for sale to any person for resale.

FILING AND PAYMENT DATES (R.C. 5735.06):

By the last day of each month for the preceding month's tax liability; filed with the Ohio Treasurer of State.

SPECIAL PROVISIONS:

1. **Cents per Gallon Rate (Variable Rate) (R.C. 5735.011)**: This rate is intended to increase funds for highway expenditures to make up for higher costs and reduced tax receipts from lower motor vehicle fuel consumption. The cents per gallon rate was adjusted annually, beginning March 1, 1982, through March 1, 1983 at which time the rate reached a 5 cent cap contained in the original legislation. It remained at 5 cents until July 1, 1987 when the cap was removed and the rate increased to 7.7 cents per gallon. The rate increased to 7.8 cents per gallon July 1, 1988. In 1989 the Ohio Legislature specified this rate to be 11 cents per gallon effective July 15, 1989, and 13 cents per gallon effective July 1, 1990. This rate will again be calculated annually in June beginning in 1991, subject to a maximum annual increase of 1 cent per gallon, if increases are warranted. The procedure to be used for calculating the cents per gallon tax rate is as follows:

(a) Divide the highway maintenance cost trend index as published by the U.S. Department of Transportation for the most recent preceding calendar year by the maintenance index for 1975.

(b) Divide motor vehicle fuel consumption for fiscal year 1975 by motor vehicle fuel consumption for the fiscal year preceding the calculation.

(c) Multiply the quotient obtained in (a) of this section by the quotient obtained in (b) of this section.

(d) Multiply the product obtained in (c) of this section by 6 cents.

(e) Subtract 1 cent from the product obtained in (d). If the difference is a positive amount, the difference will be the cents per gallon rate, rounded down to the nearest full cent, except that after 1990, any increase over the previous year's rate shall not exceed 1 cent. If the difference is a negative amount, the cents per gallon rate is zero.

SPECIAL PROVISIONS: (cont'd)

2. **Fuel Use Tax (R.C. 5735.31)**: The Ohio motor vehicle fuel use tax is imposed on the amount of motor fuel purchased outside of Ohio and consumed in Ohio for any vehicle subject to the highway use tax. A refund is allowed for the tax on fuel purchased in Ohio for use in another state provided that state imposes a tax on such fuel and allows a similar credit or refund. In fiscal year 1989 $14.7 million was collected from the fuel use tax, and was distributed in the same manner and to the same funds as the highway use tax.

DISPOSITION OF REVENUE:

The motor vehicle fuel tax is composed of five separate levies. Each of these levies is distributed in a different manner. Prior to any distribution, the following transfers of receipts are made:

(1) 0.5% to the Waterways Safety Fund.

(2) The amount needed to insure that there are sufficient funds to meet all payments for highway bond retirement.

(3) An amount equal to five cents times the number of gallons sold at stations operated by the Ohio Turnpike Commission to the Commission for turnpike projects (paid from the cents per gallon tax).

The distribution of the five levies is as follows:

1. 2 cents per gallon (R.C. Section 5735.05): R.C. Section 5735.23
   - 30% to municipal corporations in proportion to their motor vehicle registrations;
   - 25% to all counties in equal amounts;
   - 45% to the state.
2. 2 cents per gallon (R.C. Section 5735.25): R.C. Sections 5735.26, 5735.27
   - 67.5% to the state;
   - 7.5% to all counties in equal amounts;
   - 7.5% to municipalities in proportion to their motor vehicle registrations;
   - 17.5% to all townships in equal amounts.
3. 2 cents per gallon (R.C. Section 5735.29): R.C. Section 5735.291
   - 100% to the state for highway bond retirement funds, as long as required; thereafter, 100% to the state highway operating fund.
4. 1 cent per gallon (R.C. Section 5735.30): R.C. Section 5735.30
   - 100% to the state for highway bond retirement funds, as long as required; thereafter, 100% to the state highway operating fund.
5. Cents per gallon tax (R.C. Section 5735.05)-- 7.8 cents per gallon (11 cents effective 7/15/89): R.C. Section 5735.23
   - Collections from 1 cent of the cents per gallon rate to the Local Transportation Improvement Program Fund (See **"Recent Legislation"**) with the balance distributed as follows:
   - 75.0% to the state;
   - 10.7% to municipalities in proportion to their motor vehicle registrations;
   - 9.3% to all counties in equal amounts;
   - 5.0% to all townships in equal amounts.

OHIO REVISED CODE CITATIONS:

Chapter 5735.

RECENT LEGISLATION:

<u>Amended Substitute House Bill No. 381, effective July 1, 1989</u>

R.C. 164.14: Creates Local Transportation Improvement Program Fund and provides for the administration of the fund. Moneys for the fund come from collections from 1 cent of the cents per gallon rate.

R.C. 5735.011: Specifies the cents per gallon rate to be 11 cents for the period July 15, 1989 - June 30, 1990, and 13 cents for the period July 1, 1990 - June 30, 1991. In June of 1991, 1992 and 1993 the cents per gallon rate will be again be calculated as indicated in the **"Special Provisions"** section.

R.C. 5735.141: Changes the semi-annual refund periods to January-June and July-December to coincide with the timing of the increases in the cents per gallon rate.

R.C. 5735.145: Deletes the reciprocity requirement for out-of-state ethanol producers to be eligible for the ethanol credit. Establishes both annual and monthly dollar limits for the ethanol credit, and provides procedures to follow when the limit is exceeded in a given month.

Table 55

MOTOR VEHICLE FUEL TAX

GROSS AMOUNT CERTIFIED FOR COLLECTION, REFUNDS AND NET TAX AFTER REFUNDS, FISCAL YEARS 1985-1989

Fiscal Year	Gross Collections	Amount Certified for Refund	Net Tax After Refund
1985	$629,399,556	$13,875,962	$615,523,594
1986	633,021,564	14,403,648	618,617,916
1987	662,060,716	15,872,809	646,187,907
1988	824,924,405	24,295,674	800,628,731
1989	824,428,358	30,011,234	794,417,124

Table 56

MOTOR VEHICLE FUEL TAX

TAXABLE GALLONS OF MOTOR VEHICLE FUEL, FISCAL YEARS 1985-1989

	1985	1986	1987	1988	1989
Gasoline	4,498,646,716	4,565,299,052	4,751,294,165	4,796,923,851	4,723,624,145
Special Fuels	893,415,019	882,045,116	905,115,919	942,507,078	969,381,111
Total	5,392,061,735	5,447,344,168	5,656,410,084	5,739,430,929	5,693,005,256

Table 57-A

MOTOR VEHICLE FUEL TAX

AMOUNTS DISTRIBUTED TO LOCAL GOVERNMENTS, BY COUNTY, CALENDAR YEAR 1988

County	Total*	Amount Distributed To: County	Townships	Municipalities
Adams	$ 1,352,866	$819,811	$ 442,464	$ 90,590
Allen	1,905,736	819,811	353,971	731,953
Ashland	1,574,280	819,811	442,464	312,004
Ashtabula	2,200,793	819,811	796,436	584,546
Athens	1,464,272	819,811	412,967	231,493
Auglaize	1,569,720	819,811	412,967	336,942
Belmont	1,708,249	819,811	471,962	416,475
Brown	1,430,186	819,811	471,962	138,413
Butler	3,275,021	819,811	383,469	2,072,740
Carroll	1,296,603	819,811	412,967	63,825
Champaign	1,384,396	819,811	353,971	210,613
Clark	1,999,130	819,811	294,976	884,342
Clermont	1,443,552	819,811	412,967	210,774
Clinton	1,438,226	819,811	383,469	234,945
Columbiana	1,902,838	819,811	530,957	552,069
Coshocton	1,674,994	819,811	648,948	206,235
Crawford	1,671,445	819,811	471,962	379,672
Cuyahoga	16,091,801	819,811	117,990	15,153,999
Darke	1,733,802	819,811	589,952	324,038
Defiance	1,436,593	819,811	353,971	362,811
Delaware	1,662,020	819,811	530,957	311,252
Erie	1,706,630	819,811	265,479	621,340
Fairfield	1,803,691	819,811	383,469	600,411
Fayette	1,292,607	819,811	294,976	177,819
Franklin	11,162,006	819,811	501,460	9,840,735
Fulton	1,411,946	819,811	353,971	238,163
Gallia	1,339,050	819,811	442,464	76,775
Geauga	1,442,363	819,811	471,962	150,590
Greene	2,485,576	819,811	353,971	1,311,793
Guernsey	1,576,610	819,811	560,455	196,344
Hamilton	7,890,325	819,811	353,971	6,716,542
Hancock	1,873,218	819,811	501,460	551,947
Hardin	1,463,463	819,811	442,464	201,187
Harrison	1,356,631	819,811	442,464	94,355
Henry	1,395,759	819,811	383,469	192,478
Highland	1,488,315	819,811	501,460	167,044
Hocking	1,240,455	819,811	324,474	96,170
Holmes	1,291,977	819,811	412,967	59,198
Huron	1,819,397	819,811	560,455	439,131
Jackson	1,326,603	819,811	353,971	152,820
Jefferson	1,757,236	819,811	412,967	524,458
Knox	1,713,834	819,811	648,948	245,075
Lake	3,236,466	819,811	147,488	2,269,166
Lawrence	1,487,410	819,811	412,967	254,632
Licking	2,460,079	819,811	766,938	873,329
Logan	$ 1,584,479	$819,811	$ 501,460	$ 263,208
Lorain	3,757,119	819,811	530,957	2,406,351
Lucas	5,619,042	819,811	324,474	4,474,757
Madison	1,435,600	819,811	412,967	202,822
Mahoning	2,657,342	819,811	412,967	1,424,564
Marion	1,728,975	819,811	442,464	466,699
Medina	2,180,688	819,811	501,460	859,417
Meigs	1,258,049	819,811	353,971	84,266
Mercer	1,489,220	819,811	412,967	256,442
Miami	1,905,148	819,811	353,971	731,366
Monroe	1,406,207	819,811	530,957	55,439
Montgomery	6,192,465	819,811	353,971	5,018,682
Morgan	1,276,634	819,811	412,967	43,855
Morrow	1,371,534	819,811	471,962	79,760
Muskingum	1,963,326	819,811	737,441	406,074
Noble	1,296,726	819,811	442,464	34,451
Ottawa	1,372,783	819,811	353,971	199,000
Paulding	1,275,902	819,811	353,971	102,119
Perry	1,382,562	819,811	412,967	149,784
Pickaway	1,476,962	819,811	442,464	214,686
Pike	1,307,478	819,811	412,967	74,700
Portage	2,096,521	819,811	530,957	745,752
Preble	1,397,749	819,811	353,971	223,966
Putnam	1,452,032	819,811	442,464	189,756
Richland	2,237,706	819,811	530,957	886,937
Ross	1,623,745	819,811	471,962	331,972
Sandusky	1,525,253	819,811	353,971	351,470
Scioto	1,585,206	819,811	471,962	293,433
Seneca	1,721,622	819,811	442,464	459,347
Shelby	1,533,646	819,811	412,967	300,868
Stark	3,410,364	819,811	501,460	2,089,093
Summit	6,133,452	819,811	353,971	4,959,670
Trumbull	2,780,761	819,811	707,943	1,253,007
Tuscarawas	2,116,420	819,811	648,948	647,661
Union	1,386,070	819,811	412,967	153,292
Van Wert	1,368,521	819,811	353,971	194,738
Vinton	1,220,791	819,811	353,971	47,008
Warren	1,776,570	819,811	324,474	632,284
Washington	1,783,303	819,811	648,948	314,544
Wayne	1,899,199	819,811	471,962	607,425
Williams	1,423,920	819,811	353,971	250,137
Wood	2,092,805	819,811	560,455	712,538
Wyandot	1,363,118	819,811	383,469	159,838
Total	$194,106,186	$72,143,408	$38,848,366	$83,114,413

*County figures do not add to total due to rounding.

Table 57-B

MOTOR VEHICLE FUEL TAX

AMOUNTS DISTRIBUTED TO LOCAL GOVERNMENTS, BY COUNTY, CALENDAR YEAR 1989

County	Total*	Amount Distributed To:		
		County	Townships	Municipalities
Adams	$1,471,547	$891,343	$480,989	$99,215
Allen	2,083,137	891,343	384,791	807,003
Ashland	1,715,579	891,343	480,989	343,247
Ashtabula	2,393,881	891,343	865,780	636,757
Athens	1,590,294	891,343	448,923	250,027
Auglaize	1,706,321	891,343	448,923	366,054
Belmont	1,855,639	891,343	513,055	451,240
Brown	1,558,130	891,343	513,055	153,732
Butler	3,529,961	891,343	416,857	2,221,761
Carroll	1,409,640	891,343	448,923	69,374
Champaign	1,504,664	891,343	384,791	228,529
Clark	2,175,166	891,343	320,659	963,163
Clermont	1,570,991	891,343	448,923	230,724
Clinton	1,566,200	891,343	416,857	257,999
Columbiana	2,084,273	891,343	577,187	615,743
Coshocton	1,820,894	891,343	705,450	224,100
Crawford	1,819,618	891,343	513,055	415,220
Cuyahoga	16,943,593	891,343	128,264	15,923,986
Darke	1,890,616	891,343	641,319	357,953
Defiance	1,564,892	891,343	384,791	288,758
Delaware	1,809,573	891,343	577,187	341,042
Erie	1,866,036	891,343	288,593	686,099
Fairfield	1,968,197	891,343	416,857	659,997
Fayette	1,403,072	891,343	320,659	191,070
Franklin	12,522,965	891,343	545,121	11,086,501
Fulton	1,540,277	891,343	384,791	264,142
Gallia	1,454,893	891,343	480,989	82,560
Geauga	1,575,712	891,343	513,055	171,314
Greene	2,701,621	891,343	384,791	1,425,486
Guernsey	1,716,184	891,343	609,253	215,588
Hamilton	8,368,810	891,343	384,791	7,092,676
Hancock	2,044,698	891,343	545,121	608,233
Hardin	1,590,569	891,343	480,989	218,236
Harrison	1,472,149	891,343	480,989	99,816
Henry	1,518,236	891,343	416,857	210,036
Highland	1,618,179	891,343	545,121	181,715
Hocking	1,348,717	891,343	352,725	104,648
Holmes	1,403,909	891,343	448,923	63,643
Huron	1,984,839	891,343	609,253	484,243
Jackson	1,439,667	891,343	384,791	163,533
Jefferson	1,909,883	891,343	448,923	569,617
Knox	1,860,593	891,343	705,450	263,799
Lake	3,504,801	891,343	160,330	2,453,128
Lawrence	1,617,405	891,343	448,923	277,139
Licking	2,677,394	891,343	833,714	952,336
Logan	$1,725,384	$891,343	$545,121	$288,919
Lorain	4,115,318	891,343	577,187	2,646,788
Lucas	6,167,903	891,343	352,725	4,923,834
Madison	1,559,469	891,343	448,923	219,203
Mahoning	2,915,321	891,343	448,923	1,575,054
Marion	1,879,812	891,343	480,989	507,479
Medina	2,397,574	891,343	545,121	961,110
Meigs	1,364,946	891,343	384,791	88,811
Mercer	1,621,999	891,343	448,923	281,733
Miami	2,079,934	891,343	384,791	803,799
Monroe	1,528,068	891,343	577,187	59,538
Montgomery	6,742,275	891,343	384,791	5,466,141
Morgan	1,386,008	891,343	448,923	45,741
Morrow	1,488,993	891,343	513,055	84,595
Muskingum	2,137,471	891,343	801,648	444,479
Noble	1,407,373	891,343	480,989	35,041
Ottawa	1,498,016	891,343	384,791	221,882
Paulding	1,387,032	891,343	384,791	110,897
Perry	1,500,414	891,343	448,923	160,147
Pickaway	1,606,507	891,343	480,989	234,175
Pike	1,422,803	891,343	448,923	82,536
Portage	2,259,632	891,343	577,187	791,102
Preble	1,522,869	891,343	384,791	246,734
Putnam	1,580,225	891,343	480,989	207,892
Richland	2,450,905	891,343	577,187	982,374
Ross	1,768,895	891,343	513,055	364,496
Sandusky	1,659,124	891,343	384,791	382,989
Scioto	1,726,377	891,343	513,055	321,978
Seneca	1,875,421	891,343	480,989	503,089
Shelby	1,672,597	891,343	448,923	332,331
Stark	3,764,095	891,343	545,121	2,327,630
Summit	6,634,253	891,343	384,791	5,358,119
Trumbull	3,042,211	891,343	769,582	1,381,285
Tuscarawas	2,307,851	891,343	705,450	711,057
Union	1,505,644	891,343	448,923	165,377
Van Wert	1,488,238	891,343	384,791	212,103
Vinton	1,324,708	891,343	384,791	48,573
Warren	1,941,918	891,343	352,725	697,849
Washington	1,935,551	891,343	705,450	338,757
Wayne	2,129,356	891,343	513,055	724,958
Williams	1,555,968	891,343	384,791	279,834
Wood	2,299,253	891,343	609,253	798,657
Wyandot	1,479,152	891,343	416,857	170,952
Total	$211,030,276	$78,436,226	$42,230,830	$90,361,220

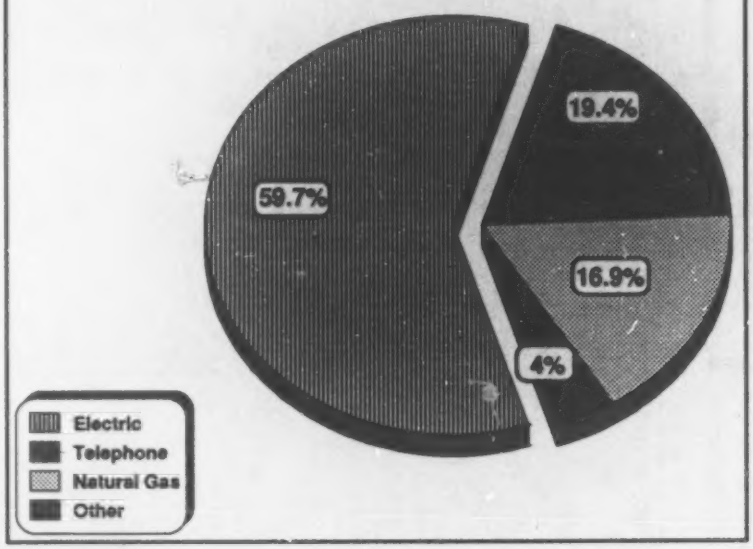
*County figures do not add to total due to rounding.

PUBLIC UTILITY EXCISE TAX

The public utility excise tax, a tax for the privilege of doing business in Ohio, is payable by virtually all companies classified by statute as public utilities. Companies liable for this tax do not pay the corporation franchise tax. Utilities owned by municipal corporations are exempt from the public utility excise tax.

Both tax base and rates vary with the class of utility. Gross receipts or gross earnings comprise the tax base for the utility classes, with rates ranging from 4.75% to 6.75%.

Public Utility Excise Taxes Levied, by Utility Type
Calendar Year 1988 Total Levied -- $579.3 Million



Companies with a preceding year's tax liability of $1,000 ($325,000 for natural gas companies) or more are liable during each calendar year for three advance payments -- each in an amount equal to one-third of the previous year's certified tax liability. When the current year's total tax liability exceeds the sum of the three advance payments, a final payment is due in December for the difference. A refund is issued if the advance payments exceed the total liability.

Total public utility excise taxes of $579.3 million were certified in November, 1988. Electric companies accounted for about 60% of total taxes levied, while the telephone industry accounted for 19% of the total and the natural gas industry accounted for 17% of the total. Therefore, these three main industries were responsible for 96% of the total excise taxes on public utilities.

TAX BASE (R.C. 5727.01, 5727.26):

Gross receipts or gross earnings, depending upon class of utility.

EXEMPTIONS AND DEDUCTIONS (R.C. 5709.35, 5727.05, 5727.33, 5727.34):

Exempt Utilities:

1. Municipally-owned utilities.
2. Nonprofit water companies.
3. Telephone companies not primarily engaged in providing local exchange service.

Deductions from Gross Receipts:

1. $25,000 for all companies.
2. Amounts attributable to sales of merchandise.
3. Receipts derived wholly from interstate business.
4. Sales to other public utilities for resale.
5. Receipts from business done for the federal government.
6. Receipts from facilities used to convert coal to gaseous, liquid, or solid fuels - for a period of 30 years.
7. Amounts billed on behalf of other entities by telephone companies.
8. Receipts of telephone companies from sales to other telephone companies for resale.

CREDITS (R.C. 5727.39):

Telephone companies are allowed a credit against the excise tax equal to the non-recurring (start-up) costs of a 911 telephone system (emergency service telephone system). The credit must be claimed in the year the system becomes available for use and any excess credit may be carried over to following years until completely used. The total amount of the credit that may be taken (for all companies combined) is limited to 25% of the total excise tax levied on telephone companies in 1984. This credit ceiling is adjusted annually for increases

CREDITS (R.C. 5727.39): (cont'd)

in the consumer price index. Once the total credits allowed equal the credit ceiling, no additional credits will be allowed.

TAX BASE AND RATES:

Utility Class	Base	Tax Rate
Electric, Rural Electric, Natural Gas, Waterworks, Interstate Toll Bridge, Artificial Gas, Union Depot, Cooling, Local Telephone, Heating, and Water Transportation (R.C. 5727.38)	Gross Receipts	4.75%
Telegraph (R.C. 5727.38)	Gross Receipts	4.75%
Railroads (R.C. 5727.40)	Gross Earnings	5.25%
Express (R.C. 5727.38)	Gross Receipts	4.75%
Messenger (R.C. 5727.38)	Gross Receipts	4.75%
Pipe Line (R.C. 5727.38)	Gross Receipts	6.75%

TAX REPORTING AND CERTIFICATION DEADLINES:

Utility Class	Deadline	For
Railroads (R.C. 5727.31, 5727.32, 5727.34, 5727.40)	September 1*	Company's annual statement to Tax Commissioner for year ending on June 30.
	First Monday in November	Commissioner assesses tax and certifies amount to company and Treasurer of State.
All Other Public Utilities (R.C. 5727.31, 5727.32, 5727.33, 5727.38)	August 1*	Company's annual statement to the Tax Commissioner for year ending on April 30 (June 30 for telephone and telegraph companies).
	First Monday in November	Commissioner assesses tax and certifies amount to company and Treasurer of State.

* Subject to time extension of 60 days (R.C. 5727.48).

TAX PAYMENT DEADLINES:

The following deadlines apply to all utility companies:

1. October 15, March 1, and June 1:
   (R.C. Section 5727.31)--Reports and advance payments to State Treasurer for liability to be certified for tax collection in December. Each payment equal to one-third of previous year's liability. These reports and payments are due from each utility with an excise tax liability for the previous year in excess of $1,000 ($325,000 for natural gas companies).
2. 20-30 days from date tax bill is mailed (March 15 for natural gas companies not required to make advance payments):
   (R.C. Section 5727.42)--Final payment equal to total tax assessed for collection for the current year, less advance payments made (refund is made if advance payments exceed assessment).

DISPOSITION OF REVENUE (R.C. 5727.45):

During fiscal year 1989, 95.5% of public utility excise tax collections were deposited in the General Revenue Fund and 4.5% were deposited in the Local Government Fund. Beginning July 1, 1989, the disposition of the public utility excise tax will be 95.1% to the General Revenue Fund, 4.6% to the Local Government Fund and 0.3% to the Local Government Revenue Assistance Fund.

OHIO REVISED CODE CITATIONS:

Chapter 5727.

RECENT LEGISLATION:

Senate Bill 156, effective May 1, 1989

Sections 5727.01, 5727.02: Eliminates freight line and equipment, intra state toll bridge, artificial gas, union depot, cooling, express, and messenger companies from the definition of public utility, beginning with the 1990 tax year.

RECENT SIGNIFICANT COURT DECISIONS:

General American Transportation Corp. v. Limbach, (December 29, 1987), U.S.D.C. C2-85-1603. The "carline tax" violates the federal Railroad Revitalization and Regulatory Reform Act by unlawfully discriminating against railroads as opposed to other carriers.

Table 58

PUBLIC UTILITY EXCISE TAX

LEVIED, BY CLASS OF UTILITY, CALENDAR YEARS 1984-1988*

Class of Utility	Tax Rate 1988	Calendar Year 1984	1985	1986	1987	1988
Electric	4.75%	$319,821,481	$331,381,693	$329,991,140	$335,284,975	$345,682,436
Natural Gas	4.75	152,339,047	139,683,341	121,870,154	106,543,428	97,922,353
Telephone	4.75	120,651,494	134,991,927	142,257,801	138,006,423	112,159,041
Railroad	5.25	4,524,366	4,380,710	4,041,972	6,031,097	6,938,676
Rural Electric	4.75	11,400,467	11,956,183	12,183,894	12,428,211	12,130,308
Freight Line & Equipment**	--	3,199,605	2,941,519	3,100,683	3,147,228	-0-
Water Works	4.75	1,644,420	1,691,101	1,824,342	1,891,968	1,922,200
Pipe Line	6.75	476,487	426,585	256,995	695,477	1,945,601
Telegraph	4.75	73,483	80,520	88,977	51,641	47,073
Water Transportation	4.75	129,607	133,982	145,411	156,934	176,536
Toll Bridge	4.75	23,444	20,544	21,810	21,755	22,042
Heating	4.75	139,689	97,834	115,005	117,855	341,362
Total		$614,423,590	$627,785,939	$615,898,184	$604,376,992	$579,287,628

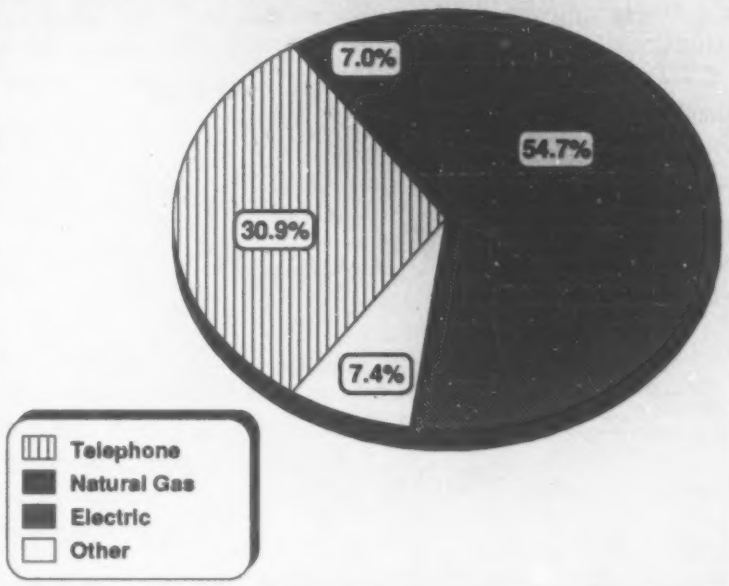
* Amount of tax certified for collection.
** No longer taxable due to court decision.

PUBLIC UTILITY PROPERTY TAX

Note: **The material below describes the taxes levied on both the real and personal property of public utilities. The data in the tables in this section pertain to only the personal property of utilities. Data for public utility real property are included in the tables in the "Real Property Tax" section.**

The assessed valuation of public utility personal property was about $12.2 billion in calendar year 1988, which was an increase of 11.0% over the previous year. Electric utilities accounted for about 55% of the total public utility personal property valuation in 1988, with the telephone industry accounting for an additional 31% of the total valuation.

Public Utility Property Tax Valuations, by Utility Type
Calendar Year 1988 Valuations – $12.2 Billion



TAX BASE (R.C. 5715.01, 5727.01, 5727.06, 5727.10, 5727.12):

Property tax base for railroads consists of real and tangible personal property owned or operated in Ohio on December 31 of the preceding year. Property tax base for all other public utilities consists of real and tangible personal property owned and located in Ohio on December 31 of the preceding year. The tax commissioner is responsible for valuing and assessing the tangible personal property of all utilities and the real property of railroads. County auditors are responsible for valuing and assessing the real property of all utilities except railroads. Real property includes land and improvements and is assessed at 35% of true value. Personal property includes all plant and equipment not classified as real property or intangible property. The tangible personal property of public utilities is generally assessed at 100% of true value. The two exceptions to this 100% assessment level are (1) the tangible personal property of rural electric companies, which is assessed at 50% of true value; and (2) the tangible personal property of railroads, which is assessed at the same percentage as applied to all tangible property (except inventories) used in business by a non-utility (for 1989, this assessment level was 29%).

APPORTIONMENT OF TAX BASE (R.C. 5727.13, 5727.14, 5727.15):

Real property values of all utilities except railroads are placed into the various taxing districts according to the physical location of the property. Personal property values of all utilities except railroads are apportioned (using a specific base) among the taxing districts in which the utilities operate. The bases for distributing personal property values among taxing districts for the various classes of utilities are shown in the table on the following page.

Railroads are valued on a system-wide basis with allocation to Ohio on the basis of the length of road in this state to length of road everywhere. Values for railroad real property used in operation are apportioned on the basis of their relative value. Values for railroad personal property used in operation are apportioned on the basis of miles of track in each taxing district weighted according to traffic density. Values for railroad real and personal property not used in operation are apportioned on the basis of their physical location.

APPORTIONMENT OF TAX BASE: (cont'd)

Class of Utility	Distribution Base
Electric and Rural Electric Companies[a][b]	Cost of transmission and distribution property.
Artificial Gas, Natural Gas, Pipeline, Heating, Cooling, and Water Works	Value of pipeline.
Telephone and Telegraph Companies	Miles of wire.
Railroads	Miles of track and trackage rights weighted by use.
Express Companies	Gross receipts.

Actual location of property is used to distribute values for water transportation and toll bridge utility classes.

(a) 70% of the value of production plant and station equipment of electric companies is apportioned to the taxing district in which the property is physically located.

(b) For electric plant production equipment whose original cost exceeds $1 billion, $420 million in taxable value was apportioned in the same manner as all other electric production equipment; 20% of the remaining taxable value was apportioned to the taxing district in which the property is located, and 80% was apportioned according to the distribution base for tax year 1989 (See "RECENT LEGISLATION").

RATES (R.C. 319.30, 319.301, 5705.02-5705.05, 5705.19):

Vary with taxing jurisdiction. Total tax rate includes all levies enacted by legislative authority or approved by voters for all taxing jurisdictions within which the property is located or to which it is apportioned (e.g., county, township, municipal corporation, and school district). Although the nominal tax rates applied to public utility real and personal property are the same, the effective rates on the two types of property may differ substantially because of the effects of the tax reduction factor applied to real property taxes. Public utility real property taxes (in addition to other real property taxes) are reduced by a computed reduction factor whenever real property values increase. However, this reduction factor does not apply to taxes levied on public utility personal property. State law also requires that all non-residential real property tax bills (but not personal property tax bills) be reduced by 10% -- with the cost of the reduction reimbursed from state funds.

EXEMPTIONS AND CREDITS (R.C. 319.302, 5701.03, 5709.111, 5709.25, 5727.01, 5727.05, 6111.311):

1. Property of municipally-owned utilities.
2. Certified air, water, and noise pollution control facilities.
3. Licensed motor vehicles.
4. Personal property under construction.
5. Real property tax bills are reduced by 10% as provided by state law.
6. Real and personal property of nonprofit corporations and political subdivisions used exclusively in the treatment, distribution and sale of water to consumers.

REPORTING, CERTIFICATION, AND PAYMENT DATES:

1. *March 1*[a] (R.C. 5727.08, 5727.48)--Company's annual report to Tax Commissioner.
2. *First Monday in September* (R.C. 5727.10)--Tax Commissioner notifies utilities of values.
3. *December 31*[b] (R.C. 323.12, 323.17)--At least half of total tax liability due.
4. *June 20*[b] (R.C. 323.12, 323.17)--Balance of tax liability due.

(a) Tax commissioner may grant extension of up to 60 days.
(b) These deadlines may be extended by 45 days (longer in certain circumstances).

DISPOSITION OF REVENUE (R.C. 319.54, 5705.10, 5719.05):

After local administrative deductions, revenue is distributed to counties, municipalities, townships, school districts, and special districts according to the taxable values and total millage levied by each.

OHIO REVISED CODE CITATIONS:

Chapters 319, 323, 5705, 5709, 5715, 5719, 5727, 6111.

ADMINISTRATION (R.C. 5713.01, 5727.06):

The Tax Commissioner assesses the real estate of railroads and the tangible personal property of all public utilities. County auditors assess all other public utility real estate.

RECENT LEGISLATION:

Senate Bill 449, effective November 28, 1988

5727.15: The taxable value of electric plant production equipment whose initial cost exceeds one billion dollars is apportioned to taxing districts as follows, beginning tax year 1991:

Taxable Value	Apportionment to Taxing Districts
$420 million	(1) 70% to taxing district in which the property is located. (2) 30% apportioned according to distribution base.
Total Remaining Value	Entire amount apportioned according to distribution base.

In tax years 1989 and 1990, the new method of apportioning qualified electric company production equipment will be phased in. For tax year 1989, 20% of the taxable value above the $420 million cap will be apportioned to those districts in which the property is located (situsedl), and 80% of the taxable value will be apportioned according to the distribution base. The situs percentage will drop to 10 percent in tax year 1990, with the distribution percentage increasing to 90 percent. For tax year 1991 and thereafter, the full taxable value of qualified production equipment above the cap will be apportioned according to the distribution base.

Senate Bill 156, effective November 2, 1989

5727.08, 5727.10, 5727.23, 5727.47, 5727.471, 5727.48: Makes administrative changes to the public utility property tax, including revisions of certification and assessment procedures.

5727.11: The true value of taxable public utility personal property (excluding railroad property, stored gas, rural electric property, electric company production equipment, and property of telephone companies with fewer than 15,000 access lines) is determined by a method using capitalized cost less composite annual allowances as prescribed by the tax commissioner.

5727.111: The taxable personal property of a public utility (with the exception of railroads) shall be assessed at the following percentages of true value:

Type of Utility	Assessment Percentage
Rural electric company	50%
Telephone company with fewer than 15,000 access lines	100
Electric company production equipment	100
All other taxable property	88

5727.231: Provides for supplemental assessments to be levied against any public utility (except railroads, telephone companies with fewer than 15,000 access lines, and rural electric companies) whose taxable value decreased between tax years 1989 and 1990, and is located in any school district whose total apportioned taxable value decreased between tax years 1989 and 1990. The supplemental assessment provision also applies for decreases between tax years 1990 and 1991. The supplemental assessments are for the purpose of reimbursing school districts for the revenue loss.

Table 59

PUBLIC UTILITY PROPERTY TAX

ASSESSED VALUE OF PUBLIC UTILITY PERSONAL PROPERTY, BY CLASS OF UTILITY, AND TOTAL TAXES LEVIED ON PERSONAL PROPERTY, CALENDAR YEARS 1984-1988

Class of Utility	Calendar Year 1984	1985	1986	1987	1988
Electric	$5,040,669,200	$5,172,335,300	$5,321,298,130	$5,467,364,100	$6,515,752,110
Telephone	3,116,232,600	3,123,797,280	3,298,679,580	3,583,493,230	3,777,347,170
Natural Gas	683,313,600	741,365,320	771,696,640	811,172,800	853,208,480
Railroad	302,052,090	277,399,510	260,508,320	258,569,770	271,606,000
Pipeline	515,074,530	495,086,020	485,261,260	540,787,550	552,254,300
Rural Electric	148,213,650	149,347,600	154,329,500	160,220,650	165,050,200
Waterworks	48,741,400	51,505,600	55,416,640	59,430,220	65,245,800
Telegraph	3,223,000	6,450,000	7,240,000	7,152,000	5,719,000
Other*	1,832,900	2,103,300	2,439,700	3,381,300	10,408,610
Total Valuation	$9,859,352,970	$10,019,389,930	$10,356,869,770	$10,891,571,620	$12,216,591,670
Taxes Levied (All Classes)	$486,617,302	$504,302,656	$563,476,538	$613,403,251	$709,444,787

* Includes Water Transportation, Toll Bridge, and Heating.

Source: Ohio Department of Taxation; values may differ slightly from those reported on abstracts filed by county auditors with the Ohio Department of Taxation shown on Table 60.

Table 60

PUBLIC UTILITY PROPERTY TAX

ASSESSED VALUE OF PUBLIC UTILITY PERSONAL PROPERTY, AND TAXES CHARGED, BY COUNTY, CALENDAR YEAR 1988

County	Assessed Value of Public Utility Personal Property	Taxes Charged on Public Utility Tangible Personal Property	County	Assessed Value of Public Utility Personal Property	Taxes Charged on Public Utility Tangible Personal Property
Adams	$ 278,568,430	$ 8,190,798	Logan	$ 37,542,800	$ 1,961,040
Allen	112,851,900	4,947,739	Lorain	327,953,160	22,281,931
Ashland	77,955,260	3,941,719	Lucas	448,107,580	31,144,491
Ashtabula	126,078,670	6,784,317	Madison	42,588,140	1,828,224
Athens	63,408,340	4,019,001	Mahoning	219,415,140	14,401,447
Auglaize	35,997,500	1,692,946	Marion	61,848,160	3,110,709
Belmont	109,534,130	4,959,728	Medina	124,549,920	8,700,826
Brown	43,110,540	1,750,622	Meigs	50,512,570	1,923,728
Butler	223,963,960	11,479,747	Mercer	22,979,010	957,856
Carroll	44,795,520	2,034,033	Miami	78,820,290	4,389,876
Champaign	33,144,210	1,728,981	Monroe	32,967,230	1,445,683
Clark	115,127,430	6,246,290	Montgomery	438,294,680	29,721,759
Clermont	212,958,860	12,507,915	Morgan	75,790,630	3,147,635
Clinton	31,593,940	1,493,670	Morrow	28,964,990	1,389,409
Columbiana	105,889,460	5,380,340	Muskingum	87,595,403	4,783,499
Coshocton	164,802,340	6,026,074	Noble	21,920,460	916,953
Crawford	43,506,990	2,451,242	Ottawa	269,016,670	11,080,891
Cuyahoga	1,245,000,720	99,173,748	Paulding	20,474,990	1,125,288
Darke	31,633,090	1,365,017	Perry	30,723,929	1,637,430
Defiance	56,541,650	2,660,801	Pickaway	53,698,610	2,336,134
Delaware	88,507,740	4,041,489	Pike	38,666,750	1,926,296
Erie	94,289,000	5,818,553	Portage	132,844,550	8,817,782
Fairfield	85,690,740	5,122,525	Preble	30,909,310	1,411,843
Fayette	28,869,990	1,244,722	Putnam	28,258,040	1,339,290
Franklin	696,688,550	44,941,898	Richland	120,908,580	7,199,124
Fulton	55,314,740	3,140,917	Ross	52,562,830	2,716,415
Gallia	250,153,870	7,963,838	Sandusky	66,615,210	3,333,922
Geauga	86,117,360	6,199,286	Scioto	83,940,480	4,030,825
Greene	111,925,170	6,980,134	Seneca	55,977,370	2,772,956
Guernsey	50,277,640	2,518,896	Shelby	52,891,630	2,331,392
Hamilton	838,970,700	53,189,339	Stark	318,598,900	18,024,353
Hancock	73,558,810	3,267,111	Summit	406,562,520	27,662,477
Hardin	29,977,710	1,401,063	Trumbull	207,605,705	11,612,952
Harrison	32,596,640	1,496,598	Tuscarawas	79,183,830	3,805,108
Henry	35,974,380	1,798,206	Union	51,426,910	2,411,165
Highland	25,957,320	1,139,960	Van Wert	26,002,080	1,387,092
Hocking	47,834,350	2,305,405	Vinton	22,678,070	856,345
Holmes	32,101,770	1,496,835	Warren	113,350,020	6,621,078
Huron	46,125,850	2,551,038	Washington	92,358,280	3,746,127
Jackson	40,584,640	1,428,017	Wayne	84,723,010	4,338,982
Jefferson	342,370,400	14,151,547	Williams	45,649,940	2,692,267
Knox	49,215,090	2,744,568	Wood	134,773,820	7,019,070
Lake	976,456,500	60,508,658	Wyandot	20,174,600	945,812
Lawrence	73,521,730	3,165,250			
Licking	126,621,243	6,706,725	Total	$12,216,591,670	$709,444,787

Source: Assessed valuation figures are official certifications issued by the Ohio Department of Taxation. Taxes charged figures are from abstracts filed by county auditors with the Ohio Department of Taxation.

REAL PROPERTY TAX

In tax year 1988, the assessed valuation of taxable real estate reached nearly $83.8 billion, an increase of 6.2% over the 1987 valuation. Taxes on these values are distributed to the local taxing authorities during calendar year 1989. Net taxes charged after the application of the percentage reductions required by Section 319.301 of the Ohio Revised Code equalled approximately $4.0 billion for tax year 1988, an increase of 8.4% over 1987. This figure is before deductions of the tax rollback of 10% on all real property, the homestead exemption, and the 2.5% rollback for homeowners only. All three of these property tax reductions are fully reimbursed to local governments from the state general revenue fund. The amount of relief for 1988 was $398.2 million for the 10% reduction, $56.3 million for the homestead exemption, and $56.2 million for the 2.5% reduction.

Under state law and Department of Taxation rules, real property in all counties is reappraised every six years at 35% of market value, and updated in the third year following each sexennial reappraisal. Sales ratio studies are made by the Department of Taxation in each county to compare the assessed taxable value to the sales price of properties sold. These ratios are used extensively in checking the reappraisal process.

TAX BASE (R.C. 5713.03, 5715.01):

The real property tax base is the taxable value of land and improvements. Taxable value is a percentage of market value except for certain land devoted exclusively to agricultural use. Under the rules adopted under current law, all counties are reappraised and equalized at 35% of true or market value as of the year of reappraisal or the third calendar year after reappraisal.

RATES (R.C. 319.301, 5705.02, 5705.03, 5705.04, 5705.05, 5705.19):

Real property tax rates vary with taxing jurisdiction. Total tax rate includes all levies enacted by legislative authority or approved by voters for all taxing jurisdictions within which the property is located (e.g., county, township, municipality, and school district). The statewide average "gross" millage rate on all real property for 1988 was 65.35 mills, as compared to last year's rate of 62.79 mills. The statewide average "effective" millage rate was 47.72 mills for 1988 as compared to last year's effective rate of 46.75 mills. The difference between the gross millage rate of 65.35 mills and the effective rate of 47.72 mills is explained by Section 319.301 of the Revised Code which generally prevents increases in voted taxes when the valuation of existing real property is increased due to reappraisal or the triennial update. (See **"Credits"** section.)

The Ohio Constitution prohibits governmental units from levying property taxes which in the aggregate exceed 1% of true value unless they are approved by the voters. This is known in state law as the 10-mill limitation, and the millage within this limitation is commonly referred to as "inside" millage. Since the "inside" 10 mills are levied on "taxable value" which is 35% of true or market value, the effect is a statutory limit of 0.35%, a limit nearly three times as strict as the 1% constitutional limitation.

EXEMPTIONS (R.C. 5709.07 to 5709.18, 5709.25, 5713.23, 5713.31):

The Constitution requires real property (land and improvements) to be taxed by uniform rule according to value. Authorized exemptions implemented by statute include:

1. **General**: Exemption of the real property of governmental or private institutional organizations on the grounds of ownership and/or usage (e.g., schools, charities, churches, municipal corporations, etc.). Many other specific exemptions are provided for by the Revised Code.
2. **Farm Land**: Land devoted exclusively to commercial agricultural use may be valued according to current use instead of "highest and best" use. Such land must meet one of the following requirements for three years prior to the year in which application for current use treatment is made:
   a) 30 acres or more--must be devoted to agricultural use; or
   b) under 30 acres--must be devoted to agricultural use and produce an average yearly gross income of at least $2,500.

   In addition, when the land is converted from agricultural use, a charge is levied on such land in an amount equal to the amount of tax savings on the converted land during the four tax years immediately preceding the year in which the conversion occurs.
3. **Forest Land:** Forest land, devoted exclusively to forestry or timber growing under the rules of the Ohio Department of Natural Resources, Division of Forestry, may be taxed at 50% of the local rate.

CREDITS (R.C. 319.301, 323.151-323.157):

1. **Percentage Rollback:** State law grants tax relief in the form of a 10% reduction in each taxpayer's real property tax bill. In addition, a 2.5% rollback of real property taxes is granted on a homestead for each homeowner. The state reimburses local governments for the cost of these tax credits.

2. **Tax Reduction Factor:** Separate percentage reductions are applied to taxes levied against the two classes of real property (residential/agricultural and non-residential/non-agricultural) being reappraised or updated. These reduction factors remain in effect until there is a new increase in value (excluding new construction). New reduction factors are calculated annually and applied. The computation of these percentage reduction factors is a rather complex process, but it involves two main steps:

   Step One Tax reduction factors are calculated to eliminate the effect of an increase in the valuation of existing real property in a taxing unit (school district, county, municipality, etc.) on certain voted taxes. If the tax reduction factors result in an "effective" tax rate for current expenses of a school district of less than 20 mills on real property in either class, the reduction factors are adjusted to yield a minimum of 20 effective mills (less certain statutory adjustments). The reduction factors of joint vocational schools are adjusted to yield a minimum of 2 effective mills on each class of property.

   Step Two The Department of Taxation then calculates a composite tax reduction factor to be applied to individual tax bills in a taxing district for each taxing district in the county. (A taxing district may be generally defined as a geographical area in which the total tax rate is uniform throughout.) To compute the composite tax reduction factor, the Department of Taxation uses the tax reduction factors for each levy of each taxing unit (school district, municipality, etc.) located in a taxing district and computes the effective tax rate for each class of property in the taxing district. The composite factor is the percentage reduction which yields this effective rate when applied to the gross tax rate.

   These factors are applied to the taxes levied on real estate and public utility real property. The result of these calculations yields net taxes as shown in the tax tables in this section.

3. **Homestead Exemption:** Homestead exemption property tax reductions are granted to qualified low-income homeowners who are either 65 years of age or older or permanently and totally disabled. The reduction is equal to the gross millage rate multiplied by the reduction in taxable value shown in the following schedule:

Total Income of Owner and Spouse:	Reduce Taxable Value by the Lesser of:
$ 6,500 or less	$5,000 or 75% of taxable value
6,500-11,500	3,000 or 60% of taxable value
11,500-16,500	1,000 or 25% of taxable value
Over $16,500	- 0 -

Total income for purposes of the homestead exemption is defined as federal adjusted gross income plus social security and railroad retirement benefits, retirement, pension, annuity, or other types of retirement payments or benefits not included in federal adjusted gross income; and interest on federal, state, and local government obligations. Disability benefits paid by the veteran's administration or a branch of the armed forces are excluded from total income, as well as increases in social security benefits effective after December 31, 1975 for those persons receiving the homestead exemption for the first time for tax years 1976 and earlier. All disability benefits properly includible in federal adjusted gross income are excludable from total income up to $5,200. All other disability benefits are not included in total income until the taxpayer reaches retirement age. For persons receiving the homestead exemption for tax years 1977 and thereafter, increases in social security benefits and Tier I railroad retirement benefits which occur on or after January 1 of the year for which the homestead exemption is first received are excluded from the definition of total income.

Table 67 shows the number of homestead exemptions granted, the average reduction in real taxable value, and the total reduction in real property taxes for each county for tax year 1988. Totals for the state show that 288,703 exemptions were approved for tax year 1988. The average reduction in taxable value was $3,140 and the total reduction in property taxes was $56,464,438.

Local governments are reimbursed in full for these tax reductions from the state general revenue fund.

Homestead Exemption--Example

The example below illustrates the computation of homestead exemption property tax relief. For this example, we will assume a senior citizen homeowner with the following characteristics:

a) Total income of $7,500 (consisting of $3,000 in wages, $2,500 in social security income, and $2,000 in dividends).

b) A home with a market value of $25,000 and a taxable value of $8,750. Taxable value is 35% of market value -- $25,000 x 35% = $8,750.

c) A local property tax rate of 50 mills (gross rate).

CREDITS: (cont'd)

Since this homeowner receives $7,500 of total income, he is in the $6,500-$11,500 income bracket and is entitled to a reduction in taxable value of $3,000 or 60%, whichever is less. Sixty percent of $8,750 is $5,250, so his reduction in taxable value is the flat $3,000. His tax savings are equal to the $3,000 reduction in taxable value multiplied by the 50-mill tax rate. This amounts to a tax savings of $150.

Like all other real property taxpayers, the senior citizen homeowner in our example is entitled to a tax reduction factor (see no. 2 above) which is applied against the property tax (assume a 15% reduction for this example). Also, the homeowner is granted a 12.5% tax reduction (12.5% property tax rollback) which is reimbursed to local governments from the state general revenue fund. When these are considered, the computation of net property tax due is shown below.

Property tax before any reductions:	
$8,750 taxable value x 50 mills =	$437.50
Subtract tax reduction factor	
($437.50 x 15%)	- 65.63
Net taxes levied after tax reduction factor	$371.87
Subtract 12.5% rollback	
(.125 x $371.87)	- 46.48
Net taxes before homestead	$325.39
Subtract homestead exemption tax relief	- 150.00
Net property tax due	**$175.39**

TAXPAYER:

All real property owners not specifically exempt.

PAYMENT DATES (R.C. 323.12, 323.17):

December 31: At least one-half is due.

June 20: Balance due.

When delivery of the tax duplicate is delayed for certain statutory reasons, the payment dates may be automatically extended for 30 days; further extensions, not to exceed 15 days, may be granted for emergencies by application of the county auditor or treasurer to the Tax Commissioner. Additional extension may be granted for unavoidable delay by application of both the county auditor and treasurer to the Tax Commissioner to avoid penalties to taxpayers.

DISPOSITION OF REVENUE (R.C. 319.54, 5719.05):

After local administrative deductions, revenue is distributed to the counties, municipalities, townships, and school districts according to the taxable values and total millage levied by each.

REVISED CODE CITATIONS:

Chapters 319, 323, 5701, 5705, 5709, 5713, 5715, 5719, 6111.

RECENT LEGISLATION:

None

RECENT SIGNIFICANT COURT DECISIONS:

Board of Education of Strongsville City School Dist. v. Lorain County Budget Commission, (1988), 38 Ohio St. 3d 50. A political subdivision is entitled to its minimum guaranteed levy within the ten-mill limitation provided by section 5705.31(D), if it requests its guaranteed amount in its budget, even though it reported a lower rate in a previous year. Moreover, if this action by the school district causes another subdivision to lose some of its non-voted millage, then that other subdivision's rate must be reduced uniformly throughout the district, even though the school district is located in only a portion of the other subdivision.

City of Cleveland v. Limbach, (1988), 40 Ohio St. 3d 295. Under Revised Code Section 5713.08, the Tax Commissioner may only remit unpaid taxes that have become a lien after the property was first used for an exempt purpose, but only if the applicant acquires title before the tax lien date, which is January 1. If the unpaid taxes become a lien before then, the Commissioner not only may not remit them, but also lacks jurisdiction to consider the exemption application on its merits.

Table 61

REAL PROPERTY TAX

ASSESSED VALUE OF TAXABLE REAL ESTATE, TAXES CHARGED, AVERAGE TAX RATES, AND TAX RELIEF, CALENDAR YEARS 1984-1988

	1984	1985	1986	1987	1988
Value of Taxable Property	$70,384,691,083	$72,358,541,741	$73,761,506,220	$78,908,191,300	$83,770,580,718
Residential & Agricultural	51,954,057,991	53,108,057,125	53,944,417,425	56,371,563,465	59,717,597,723
Other	18,430,633,092	19,250,484,616	19,817,088,795	22,536,627,835	24,052,982,995
Taxes Charged*	2,964,718,578	3,137,472,486	3,384,874,660	3,689,199,856	3,997,454,143
Residential & Agricultural	2,130,229,468	2,245,537,808	2,420,977,578	2,595,885,300	2,815,234,547
Other	834,489,110	891,934,678	963,897,085	1,093,314,556	1,182,219,596
Average Effective Tax Rate**	42.12 mills	43.36 mills	45.89 mills	46.75 mills	47.72 mills
Residential & Agricultural	41.00 mills	42.28 mills	44.88 mills	46.05 mills	47.14 mills
Other	45.28 mills	46.33 mills	48.64 mills	48.51 mills	49.15 mills
10% Reduction in All Real Property Taxes	295,515,773	313,917,901	338,055,529	366,974,928	398,177,368
2.5% Reduction in Homeowner's Real Property Taxes	42,695,536	45,366,027	48,780,025	52,183,804	56,226,488
Homestead Exemption Reduction	52,606,950	50,789,561	50,251,041	49,048,451	56,272,695
Net Taxes Collectible (After 12.5% Reduction & Homestead Exemption)	$2,573,900,319	$2,727,398,997	$2,947,788,069	$3,220,992,673	$3,486,777,591

* Net taxes charged after application of percentage reductions required by R.C. 319.301.
** Taxes charged divided by value of taxable property.

Table 62

REAL PROPERTY TAX

GROSS AND NET TAX RATES ON THE TWO CLASSES OF REAL PROPERTY, BY COUNTY, CALENDAR YEAR 1988

County	Millage Rates on Real Property			
	Residential & Agricultural		Public Utility, Commercial Industrial & Mineral	
	Gross Rate*	Net Rate**	Gross Rate*	Net Rate**
Adams	32.72	31.17	30.42	28.52
Allen	44.14	38.21	43.33	37.74
Ashland	54.92	42.54	56.28	45.65
Ashtabula	57.18	44.89	57.34	46.15
Athens	66.60	49.46	67.52	50.13
Auglaize	47.71	40.83	47.10	39.25
Belmont	48.51	38.70	47.23	39.12
Brown	41.84	36.16	43.17	36.93
Butler	53.18	40.97	51.87	41.71
Carroll	46.85	34.68	48.86	35.86
Champaign	52.44	40.44	56.59	43.83
Clark	56.37	43.09	55.55	46.30
Clermont	63.77	46.86	64.56	47.78
Clinton	48.88	43.52	49.85	43.84
Columbiana	52.00	41.80	53.03	40.38
Coshocton	45.70	37.69	46.43	38.85
Crawford	57.95	42.48	57.57	40.95
Cuyahoga	86.38	53.60	79.64	61.23
Darke	44.56	39.74	45.37	36.67
Defiance	50.69	44.97	49.63	41.65
Delaware	50.89	42.73	49.37	39.99
Erie	67.69	44.78	66.76	45.91
Fairfield	63.62	41.45	61.17	39.34
Fayette	43.61	38.53	45.18	34.62
Franklin	68.04	50.00	64.16	46.15
Fulton	58.17	48.27	56.65	43.09
Gallia	33.99	30.35	33.26	30.52
Geauga	74.03	49.53	73.48	53.90
Greene	64.77	46.18	63.69	48.01
Guernsey	51.14	42.92	53.00	46.11
Hamilton	67.10	49.77	64.48	51.87
Hancock	46.98	37.92	48.49	39.44
Hardin	48.35	40.95	48.79	37.34
Harrison	47.70	36.38	47.41	37.34
Henry	52.06	46.84	50.34	44.77
Highland	42.92	37.35	42.35	35.15
Hocking	49.80	37.67	49.33	36.76
Holmes	46.49	38.86	47.68	40.49
Huron	56.47	39.31	57.46	42.12
Jackson	37.80	33.87	38.54	34.64
Jefferson	45.55	34.25	44.53	39.64
Knox	55.50	44.84	54.01	45.27
Lake	74.41	46.66	67.80	40.34
Lawrence	40.39	36.87	41.63	37.44
Licking	54.49	42.93	53.02	42.34
Logan	52.66	39.66	52.96	40.39
Lorain	68.97	50.37	69.01	52.66
Lucas	74.99	50.51	72.76	52.54
Madison	47.75	42.98	50.61	44.47
Mahoning	66.66	54.83	67.58	58.92
Marion	50.66	37.37	50.63	38.57
Medina	71.57	47.75	71.27	52.66
Meigs	38.42	34.61	39.69	37.00
Mercer	42.73	38.20	41.44	35.35
Miami	57.01	39.57	57.56	44.19
Monroe	44.29	33.27	43.69	38.03
Montgomery	69.35	52.81	68.10	54.36
Morgan	38.83	30.61	40.18	30.83
Morrow	52.27	44.38	54.64	43.56
Muskingum	55.49	37.73	55.53	39.50
Noble	42.00	39.16	42.52	39.31
Ottawa	57.38	35.31	53.48	34.11
Paulding	56.38	49.22	59.70	51.21
Perry	53.84	43.33	55.27	45.12
Pickaway	44.99	37.59	47.17	39.90
Pike	53.93	41.38	59.20	43.50
Portage	69.65	44.35	71.04	50.62
Preble	46.91	41.50	48.94	37.59
Putnam	48.33	44.05	45.65	41.24
Richland	59.84	48.01	58.93	45.61
Ross	52.72	40.41	54.64	41.35
Sandusky	49.88	41.09	48.14	42.54
Scioto	50.44	39.46	52.97	44.21
Seneca	49.65	39.57	49.97	42.62
Shelby	45.26	36.67	45.48	34.40
Stark	56.91	39.98	56.31	38.95
Summit	68.81	54.25	67.60	51.80
Trumbull	57.62	47.22	55.46	46.68
Tuscarawas	49.83	38.24	50.31	42.27
Union	50.68	42.27	46.94	40.54
Van Wert	53.00	45.68	53.16	44.26
Vinton	38.89	36.02	38.63	36.27
Warren	59.08	40.17	57.62	39.49
Washington	41.98	33.80	41.77	35.58
Wayne	55.50	41.02	56.99	43.12
Williams	58.77	42.05	57.90	41.36
Wood	62.14	47.71	61.04	49.84
Wyandot	48.01	36.95	49.28	37.82
State Average:	65.35	47.14	64.86	49.15

* Rate on property prior to application of "Tax Reduction Factors"

** Rate on property in the county after application of "Tax Reduction Factors". These rates were computed prior to the deduction of the property tax rollbacks and the homestead exemption.

SOURCE: Abstracts filed by county auditors with the Department of Taxation.

REAL PROPERTY TAX

TOTAL REAL PROPERTY TAXES, VALUES, AND EFFECTIVE TAX RATES, BY COUNTY, CALENDAR YEAR 1988

County	Gross Taxes Levied	Taxes Charged*	Taxable Value	Special Assessments	Delinquent Taxes	Effective Tax Rate**	County	Gross Taxes Levied	Taxes Charged*	Taxable Value	Special Assessments	Delinquent Taxes	Effective Tax Rate**
Adams	$ 4,721,803	$ 4,469,271	$ 148,759,220	0	$ 387,139	30.04	Logan	$ 15,729,427	$ 11,873,816	$ 298,420,840	$ 731,025	$ 1,156,850	38.78
Allen	30,000,726	26,011,212	682,994,930	$1,398,658	1,606,794	38.08	Lorain	129,284,260	95,414,418	1,874,185,980	2,070,437	8,051,439	50.91
Ashland	16,323,902	12,757,151	295,874,390	23,724	918,354	43.12	Lucas	269,353,909	185,525,015	3,626,480,730	21,755,674	24,627,788	51.16
Ashtabula	34,421,249	27,185,362	601,807,520	1,094,789	3,357,089	45.19	Madison	11,197,662	10,041,511	232,447,780	171,286	781,604	43.20
Athens	16,098,915	11,956,497	240,933,620	545,275	1,032,478	49.63	Mahoning	103,383,695	86,298,328	1,545,584,580	988,540	21,307,542	55.84
Auglaize	14,480,758	12,325,656	304,283,010	223,550	591,526	40.51	Marion	20,836,956	15,488,408	411,390,520	522,125	1,633,144	37.65
Belmont	19,543,366	15,737,783	405,570,710	41,518	2,113,845	38.80	Medina	73,915,356	50,203,174	1,033,539,020	2,058,561	4,332,780	48.57
Brown	7,721,547	6,863,858	183,733,500	8,085	1,081,348	36.27	Meigs	4,928,768	4,488,384	127,025,280	8,987	818,958	35.33
Butler	114,671,327	89,296,604	2,169,624,510	2,821,049	5,967,994	41.16	Mercer	12,856,770	11,231,160	297,892,560	520,178	449,224	37.73
Carroll	8,263,744	6,110,054	175,360,970	51,936	1,009,035	34.84	Miami	37,209,491	26,378,934	651,373,750	467,240	1,138,754	40.50
Champaign	11,566,536	8,926,815	218,072,150	52,071	775,897	40.94	Monroe	4,281,200	3,376,037	97,076,280	3,449	267,229	34.78
Clark	45,468,023	35,455,943	809,237,500	306,778	3,236,213	43.81	Montgomery	292,334,096	225,834,707	4,238,492,980	6,216,234	21,753,513	53.28
Clermont	64,339,908	47,363,611	1,005,923,328	371,586	3,245,505	47.08	Morgan	3,681,780	2,881,674	93,988,270	0	288,384	30.67
Clinton	11,770,659	10,450,876	239,764,560	135,308	700,199	43.59	Morrow	8,760,591	7,385,729	166,763,890	12,252	1,809,819	44.29
Columbiana	28,066,468	22,345,785	537,829,250	185,367	3,416,602	41.55	Muskingum	27,759,267	19,081,915	500,157,850	494,200	2,254,461	38.15
Coshocton	10,915,656	9,037,470	237,842,210	121,120	460,091	38.00	Noble	2,968,608	2,763,385	70,518,810	9,846	526,078	39.19
Crawford	17,237,293	12,552,380	297,901,500	70,478	929,800	42.14	Ottawa	25,746,212	15,968,102	455,958,630	291,998	1,083,971	35.04
Cuyahoga	1,122,150,832	745,980,081	13,318,802,260	21,371,770	86,063,218	56.01	Paulding	7,769,893	6,767,413	136,809,360	257,110	399,613	49.47
Darke	15,550,171	13,875,037	348,062,360	193,147	810,772	39.29	Perry	7,857,967	6,340,471	145,286,140	7,548	1,038,603	43.65
Defiance	13,215,034	11,585,555	261,888,560	236,802	425,942	44.24	Pickaway	12,960,288	10,871,510	285,824,780	97,340	1,336,706	38.04
Delaware	34,901,545	29,144,256	689,163,330	143,201	1,678,697	42.29	Pike	5,975,604	4,555,775	109,325,400	0	825,225	41.67
Erie	43,786,191	29,264,164	649,158,470	1,636,326	1,699,117	45.08	Portage	63,949,713	41,697,049	914,496,090	1,668,608	6,598,736	46.80
Fairfield	44,191,855	28,731,341	699,142,540	168,894	1,468,288	41.10	Preble	12,445,109	10,803,385	263,726,560	337,453	1,693,957	40.98
Fayette	7,812,006	6,546,848	173,319,570	173,390	351,353	37.77	Putnam	10,832,208	9,865,475	225,686,340	67,738	230,273	43.71
Franklin	598,173,503	436,631,148	9,014,383,290	1,186,153	21,483,779	48.44	Richland	49,440,425	39,257,170	829,985,830	787,360	4,714,151	47.30
Fulton	15,714,987	12,805,539	271,705,810	362,094	419,124	47.13	Ross	21,210,006	16,206,898	398,857,220	17,002	1,408,522	40.63
Gallia	5,968,817	5,380,773	176,949,160	3,745	410,322	30.41	Sandusky	20,039,497	16,737,548	404,522,900	427,470	508,786	41.38
Geauga	62,997,565	42,620,408	851,723,070	498,929	3,562,052	50.04	Scioto	17,956,182	14,256,741	352,219,760	35,210	1,732,257	40.48
Greene	65,095,364	46,807,836	1,007,557,340	1,629,046	2,722,358	46.46	Seneca	18,879,989	15,251,172	379,770,270	247,355	670,604	40.16
Guernsey	11,738,543	9,957,932	227,178,320	91,043	1,869,341	43.83	Shelby	14,086,978	11,229,026	310,863,090	299,137	288,942	36.12
Hamilton	489,811,905	373,579,085	7,397,481,490	2,426,747	19,817,711	50.50	Stark	150,725,629	105,437,318	2,856,186,180	980,524	10,456,413	36.70
Hancock	28,836,221	21,706,029	566,292,590	394,840	852,256	38.33	Summit	275,885,559	215,697,497	4,026,019,330	12,885,327	22,579,004	53.58
Hardin	8,921,786	7,436,158	184,246,360	230,769	644,611	40.36	Trumbull	85,814,349	70,832,306	1,500,273,800	1,174,897	9,440,238	47.06
Harrison	5,066,249	3,892,854	106,360,570	38,728	453,523	36.60	Tuscarawas	27,143,286	21,315,569	543,477,190	60,208	1,155,362	39.22
Henry	10,727,519	9,634,176	207,131,270	351,729	452,357	46.51	Union	13,875,399	11,683,082	279,847,380	83,034	548,217	41.78
Highland	8,103,008	7,001,227	189,199,940	35,832	750,829	37.00	Van Wert	11,233,964	9,620,399	211,853,580	138,474	178,782	45.41
Hocking	7,028,209	5,303,971	141,335,870	26,981	482,495	37.53	Vinton	2,247,631	2,086,533	57,861,470	0	163,624	36.06
Holmes	10,080,449	8,448,605	215,903,260	10,304	1,037,115	39.13	Warren	54,812,562	37,327,572	832,760,340	1,188,758	2,240,446	46.02
Huron	21,096,888	14,858,545	372,143,510	193,939	962,227	39.93	Washington	16,697,683	13,842,065	398,270,470	31,671	1,281,910	34.25
Jackson	5,704,701	5,115,151	150,281,960	10,884	884,068	34.04	Wayne	43,413,526	32,244,349	777,935,780	219,967	1,729,140	41.45
Jefferson	19,923,709	15,787,868	440,339,260	236,794	4,882,962	35.85	Williams	14,012,869	10,022,134	239,237,860	467,887	462,263	41.89
Knox	17,128,202	13,920,457	309,980,580	1,248,418	3,011,721	44.91	Wood	53,551,274	41,759,725	885,580,860	2,470,116	1,945,408	48.24
Lake	208,890,845	128,084,952	2,926,043,100	5,865,011	39,290,135	43.77	Wyandot	7,587,582	5,836,586	157,402,300	62,804	228,745	37.06
Lawrence	11,046,111	10,056,540	272,074,780	200,609	2,165,200	36.96							
Licking	49,980,826	39,491,010	922,862,710	487,955	3,036,543	42.79	Total	$5,461,907,806	$3,997,454,143	$83,770,580,718	$107,051,748	$400,367,102	47.72%

* Represents taxes charged after "tax reduction factors" are applied. The 10% rollback for all real property, 2.5% rollback for residential real property, and homestead exemption reduction have not been subtracted from this figure because they are fully reimbursed to the local governments and school districts from the State General Revenue Fund.

** Rates shown in mills equal taxes charged divided by taxable value.

Source: Abstracts filed by the county auditors with the Ohio Department of Taxation.

REAL PROPERTY TAX

TAXES LEVIED ON REAL PROPERTY AND PROPERTY TAX RELIEF, BY COUNTY, CALENDAR YEAR 1988[a]

County	Taxes Charged (b)	10% Reduction	2.5% Reduction in Real Property Taxes of Homeowners (c)	Homestead Exemption Reduction	Net Taxes Collectible
Adams	$4,469,271	$446,444	$21,185	$115,675	$3,885,967
Allen	26,011,212	2,603,386	286,255	325,392	22,796,179
Ashland	12,757,151	1,273,707	150,828	245,183	11,087,433
Ashtabula	27,185,362	2,709,910	381,540	713,843	23,380,070
Athens	11,956,497	1,196,492	135,516	398,200	10,226,289
Auglaize	12,325,656	1,234,766	156,195	143,241	10,791,455
Belmont	15,737,783	1,571,523	210,826	527,802	13,427,632
Brown	6,663,858	662,500	62,681	179,844	5,758,834
Butler	89,296,804	8,965,645	1,574,247	893,055	77,863,858
Carroll	6,110,054	610,535	67,152	143,846	5,288,520
Champaign	8,926,815	890,821	43,246	154,747	7,838,201
Clark	35,455,943	3,540,086	476,383	676,820	30,762,852
Clermont	47,363,611	4,826,929	583,194	573,995	41,379,493
Clinton	10,450,876	1,039,278	92,432	160,262	9,158,905
Columbiana	22,345,785	2,227,406	294,515	831,480	18,992,384
Coshocton	9,037,470	890,240	101,278	163,708	7,882,243
Crawford	12,552,380	1,251,598	101,070	310,631	10,889,081
Cuyahoga	745,980,081	74,299,362	11,964,308	11,561,932	648,134,479
Darke	13,675,037	1,368,463	173,363	256,251	11,876,959
Defiance	11,585,555	1,156,292	164,227	169,373	10,095,662
Delaware	29,144,286	2,937,001	384,622	160,096	25,662,566
Erie	29,264,164	2,912,720	472,221	482,294	25,396,929
Fairfield	28,731,341	2,894,703	405,487	505,212	24,925,938
Fayette	6,546,848	658,021	59,261	127,484	5,702,082
Franklin	436,631,146	43,263,258	5,978,155	2,865,631	384,524,103
Fulton	12,805,539	1,278,571	160,631	167,201	11,199,135
Gallia	5,380,773	537,890	56,450	141,796	4,644,836
Geauga	42,820,406	4,259,083	662,209	279,649	37,419,485
Greene	46,807,836	4,694,486	726,223	395,369	40,991,759
Guernsey	9,957,932	989,329	103,136	374,808	8,490,659
Hamilton	373,579,065	37,118,228	5,875,205	3,802,322	326,783,311
Hancock	21,706,029	2,167,917	164,001	193,554	19,180,557
Hardin	7,436,158	744,344	75,583	133,982	6,482,249
Harrison	3,892,854	387,097	36,960	118,632	3,350,165
Henry	9,834,176	961,696	110,870	131,352	8,630,258
Highland	7,001,227	699,979	55,267	210,689	6,035,293
Hocking	5,303,971	529,899	74,264	149,009	4,550,799
Holmes	8,448,805	844,420	40,113	64,007	7,500,066
Huron	14,859,545	1,481,007	203,353	264,241	12,910,944
Jackson	5,115,151	508,636	68,711	239,848	4,297,957
Jefferson	15,787,868	1,564,560	193,842	439,339	13,589,927
Knox	13,920,457	1,394,897	155,395	283,828	12,106,337
Lake	128,084,952	12,738,943	1,722,442	1,120,407	112,503,160
Lawrence	10,056,540	996,628	134,622	522,285	8,403,005
Licking	$39,491,010	$3,948,388	$589,636	$505,440	$34,467,546
Logan	11,873,816	1,185,748	112,877	245,689	10,329,502
Lorain	95,414,418	9,516,886	1,506,912	1,891,422	82,699,198
Lucas	185,525,015	18,317,231	2,879,923	2,956,301	161,571,560
Madison	10,041,511	1,003,826	89,532	146,858	8,801,294
Mahoning	86,298,328	8,605,044	1,295,984	2,089,197	74,328,104
Marion	15,488,408	1,546,834	196,046	234,275	13,509,454
Medina	50,203,174	5,003,610	839,719	435,063	43,924,782
Meigs	4,488,384	448,381	36,287	143,097	3,860,619
Mercer	11,231,160	1,170,213	129,934	126,732	9,802,282
Miami	26,378,934	2,849,465	441,024	479,708	22,808,736
Monroe	3,376,037	337,300	38,936	94,657	2,905,145
Montgomery	225,834,707	22,584,476	3,191,851	1,885,385	198,392,995
Morgan	2,881,674	287,431	26,437	58,490	2,509,315
Morrow	7,385,729	736,995	83,064	150,708	6,415,962
Muskingum	19,081,915	1,901,855	241,567	503,554	16,434,939
Noble	2,763,385	274,763	20,414	82,231	2,385,977
Ottawa	15,968,102	1,590,131	104,521	224,239	14,049,211
Paulding	6,767,413	674,591	68,916	89,156	5,934,750
Perry	6,340,471	629,107	79,925	272,154	5,359,286
Pickaway	10,871,510	1,086,715	136,056	125,742	9,522,996
Pike	4,555,775	453,812	56,370	212,908	3,832,685
Portage	41,697,049	4,144,078	291,404	485,770	36,775,796
Preble	10,803,385	1,077,930	137,001	185,386	9,403,087
Putnam	9,865,475	987,116	141,731	108,567	8,628,062
Richland	39,257,170	3,892,396	520,110	706,813	34,138,049
Ross	16,206,898	1,619,549	156,326	411,815	14,019,207
Sandusky	16,737,548	1,659,826	277,830	296,133	14,503,959
Scioto	14,256,741	1,421,553	200,862	717,816	11,916,511
Seneca	15,251,172	1,522,153	213,310	250,837	13,265,072
Shelby	11,229,026	1,122,720	92,110	151,016	9,863,179
Stark	105,437,318	10,413,824	1,518,063	1,577,306	91,928,125
Summit	215,697,497	21,470,360	2,476,555	3,268,080	188,482,502
Trumbull	70,632,308	7,050,495	916,994	1,307,208	61,357,611
Tuscarawas	21,315,569	2,136,626	293,415	586,134	18,299,394
Union	11,683,062	1,175,027	105,690	124,150	10,278,216
Van Wert	9,820,399	959,438	117,128	172,476	8,571,358
Vinton	2,086,533	208,292	21,115	102,268	1,754,859
Warren	37,327,572	3,739,596	579,919	356,547	32,651,510
Washington	13,642,065	1,361,817	172,517	275,037	11,832,693
Wayne	32,244,349	3,212,100	417,988	359,714	28,254,548
Williams	10,022,134	996,337	136,229	150,207	8,739,360
Wood	41,759,725	4,162,579	479,163	358,924	36,759,059
Wyandot	5,836,586	583,879	53,633	87,773	5,111,301
Total[d]	$3,997,454,143	$398,177,368	$58,226,486	$58,272,696	$3,486,777,591

(a) Taxes levied in calendar year 1988 and collected in calendar year 1989.

(b) Represents taxes charged after "tax reduction factors" are applied.

(c) Reduction is applied to residential and farm real property not exceeding one acre.

(d) Counties may not add to total due to rounding.

Source: Auditor of State

Table 65

REAL PROPERTY TAX

ASSESSED VALUATION OF EXEMPT REAL PROPERTY IN OHIO, BY SELECTED OWNERSHIP CLASSIFICATIONS, CALENDAR YEARS 1984-1988 (In millions of dollars)

	1984	1985[a]	1986[b]	1987[c]	1988
Property Under Public Ownership:					
Boards of Education	$2,574.4	$2,589.0	$2,602.6	$2,673.4	$2,684.9
Municipalities	1,940.1	2,063.3	2,114.9	2,199.6	2,244.6
United States	930.7	842.9	841.1	991.6	1,010.6
State	1,385.2	1,328.0	1,442.7	1,604.0	1,598.0
Counties	820.9	870.6	873.3	925.8	959.1
Park Districts	214.4	221.1	223.0	225.3	232.5
Townships	141.3	109.0	97.8	103.4	111.6
Total	$8,007.0	8,023.9	$8,195.4	$8,723.1	$8,841.4
Property Under Private Ownership:					
Churches	$1,565.8	$1,597.3	$1,626.2	$1,709.4	$1,752.7
Charities	1,260.4	1,361.2	1,437.3	1,553.5	1,503.2
School and Colleges	774.0	792.3	844.1	929.2	1,008.6
Cemeteries	126.0	126.1	127.6	133.5	138.1
Tax Abatements	406.8	436.8	518.0	595.2	743.5
Total	$4,133.0	$4,313.7	$4,553.2	$4,920.8	$5,146
Grand Total--Property Under Public and Private Ownership	$12,140.0	$12,337.6	$12,748.6	$13,643.9	$13,987.5

(a) 1985 data for Jackson and Perry counties were not available. 1984 data were used instead for those two counties.
(b) 1986 data for Jackson county were not available. 1984 data were used instead.
(c) 1986 data used for Athens county; 1984 data for Jackson county.

Table 66

REAL PROPERTY TAX

ASSESSED VALUE OF EXEMPT REAL PROPERTY COMPARED TO POTENTENTIAL TAX BASE, BY COUNTY, CALENDAR YEAR 1988

County	Assessed Value of Taxable & Exempt Real Property (Potential Tax Base)*	Assessed Value of Exempt Real Property	Percent of Potential Property Tax Base Exempt from Taxation
Adams	$164,705,280	$16,289,540	9.89%
Allen	790,787,420	108,662,880	13.74
Ashland	350,515,560	54,931,320	15.67
Ashtabula	699,961,930	101,206,650	14.46
Athens	365,117,520	129,799,250	35.55
Auglaize	342,382,170	38,426,410	11.22
Belmont	467,776,480	64,010,000	13.68
Brown	207,801,410	24,116,760	11.61
Butler	2,634,134,185	465,954,810	17.69
Carroll	188,483,250	13,356,860	7.09
Champaign	238,419,540	20,688,080	8.68
Clark	985,069,530	176,205,750	17.89
Clermont	1,125,922,280	119,999,780	10.66
Clinton	275,089,360	35,745,720	12.99
Columbiana	595,359,530	57,627,720	9.68
Coshocton	257,741,940	20,157,120	7.82
Crawford	448,847,680	151,238,370	33.69
Cuyahoga	15,410,747,820	2,082,445,780	13.51
Darke	385,700,610	37,958,870	9.84
Defiance	297,174,510	35,668,670	12.00
Delaware	795,717,580	107,069,110	13.46
Erie	706,949,190	62,958,390	8.91
Fairfield	765,599,810	66,725,280	8.72
Fayette	191,130,880	17,811,310	9.32
Franklin	10,818,191,170	1,809,772,170	16.73
Fulton	308,158,060	36,927,430	11.98
Gallia	225,140,760	48,402,040	21.50
Geauga	911,771,370	60,107,680	6.59
Greene	1,338,705,350	331,412,400	24.76
Guernsey	287,084,230	68,546,910	23.88
Hamilton	8,463,457,000	1,072,183,630	12.67
Hancock	632,408,950	66,768,360	10.56
Hardin	215,316,660	31,230,690	14.50
Harrison	119,433,910	13,741,230	11.51
Henry	233,991,840	27,387,240	11.70
Highland	213,516,360	23,942,010	11.21
Hocking	197,179,790	56,204,350	28.50
Holmes	229,172,280	13,293,020	5.80
Huron	415,563,890	45,546,480	10.96
Jackson	167,310,560	17,310,190	10.35
Jefferson	510,435,440	71,158,900	13.94
Knox	361,004,030	51,310,830	14.21
Lake	3,121,795,220	196,783,360	6.30
Lawrence	312,975,440	40,522,960	12.95
Licking	1,055,851,180	133,581,700	12.65
Logan	$331,968,850	$33,779,070	10.18%
Lorain	2,181,393,580	306,429,300	14.05
Lucas	4,261,974,290	647,159,470	15.18
Madison	277,195,440	44,825,640	16.17
Mahoning	1,791,724,820	247,424,210	13.81
Marion	467,624,470	56,776,570	12.14
Medina	1,130,305,940	98,736,310	8.74
Meigs	138,690,110	11,890,820	8.57
Mercer	332,147,949	34,268,910	10.32
Miami	723,137,540	72,244,410	9.99
Monroe	107,558,810	10,559,070	9.82
Montgomery	5,129,206,430	890,716,320	17.37
Morgan	103,245,820	9,349,780	9.06
Morrow	179,588,250	12,918,130	7.19
Muskingum	588,283,230	88,860,910	15.11
Noble	80,666,500	10,237,610	12.69
Ottawa	503,104,100	47,444,830	9.43
Paulding	149,803,430	13,347,290	8.91
Perry	163,609,470	18,343,330	11.21
Pickaway	360,192,690	74,901,440	20.79
Pike	401,684,713	293,164,913	72.98
Portage	1,140,199,590	226,376,300	19.85
Preble	286,571,890	25,040,460	8.68
Putnam	249,343,540	24,387,530	9.78
Richland	951,976,370	122,567,910	12.88
Ross	479,431,250	81,842,380	17.07
Sandusky	471,315,470	68,088,080	14.45
Scioto	447,441,310	93,675,000	20.94
Seneca	432,506,390	53,623,440	12.40
Shelby	348,141,870	37,680,390	10.82
Stark	3,028,766,310	382,594,100	12.63
Summit	4,768,469,140	742,614,890	15.57
Trumbull	1,696,344,840	197,042,430	11.62
Tuscarawas	598,277,380	55,934,230	9.35
Union	340,211,130	60,636,730	17.82
Van Wert	239,410,330	27,760,950	11.60
Vinton	65,836,880	8,156,540	12.39
Warren	1,034,291,340	101,674,570	9.83
Washington	480,131,830	82,147,370	17.11
Wayne	886,672,130	109,423,110	12.34
Williams	267,423,630	28,931,600	10.82
Wood	1,007,773,540	144,398,810	14.33
Wyandot	221,365,730	64,347,550	29.07
Total	$97,676,607,277	$13,987,510,713	14.32%

* Values in this column include only real property. In prior years this column included public utility tangible personal property value, but these were excluded to provide a consistent base to compare with the exempt value.

Source: Abstracts filed by County Auditors with the Ohio Department of Taxation.

REAL PROPERTY TAX

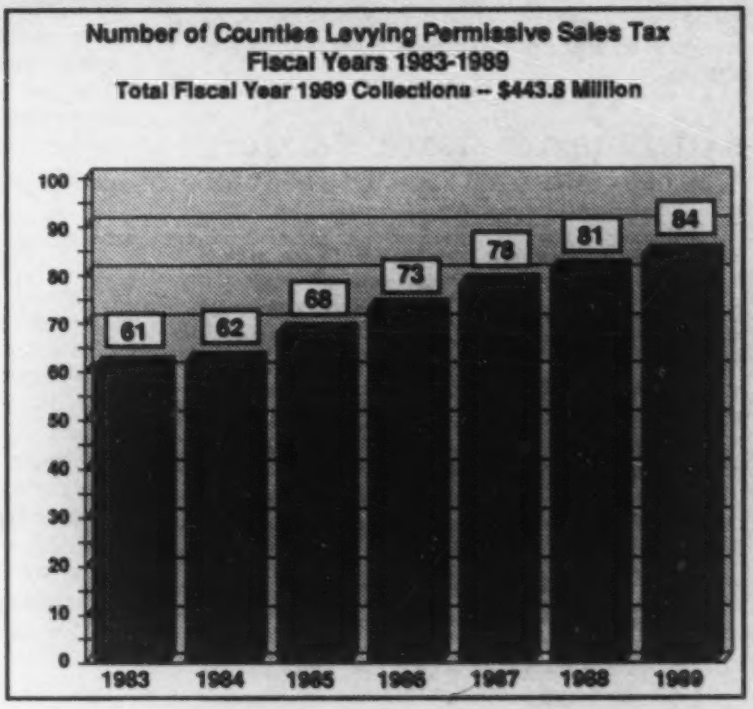
NUMBER OF HOMESTEAD EXEMPTIONS GRANTED, AVERAGE REDUCTION IN TAXABLE VALUE, AND TOTAL AMOUNT OF REDUCTION IN TAXES, BY COUNTY, TAX YEAR 1988

County	Number of Homestead Exemptions Granted	Average Reduction in Taxable Value	Total Reduction in Real Property Taxes
Adams	1,073	$2,849	$ 115,675
Allen	2,371	3,078	325,392
Ashland	1,408	3,209	245,183
Ashtabula	3,940	3,199	713,843
Athens	2,097	2,937	398,200
Auglaize	1,029	2,906	143,241
Belmont	3,502	3,119	527,802
Brown	1,297	3,303	179,844
Butler	5,362	3,376	893,055
Carroll	975	3,155	143,846
Champaign	853	3,333	154,747
Clark	3,860	3,179	676,620
Clermont	2,730	3,026	573,995
Clinton	951	3,300	160,262
Columbiana	4,538	3,619	831,480
Coshocton	1,057	3,259	163,708
Crawford	1,752	3,140	310,631
Cuyahoga	44,905	3,196	11,753,675
Darke	1,754	2,694	256,251
Defiance	998	3,303	169,373
Delaware	976	3,178	160,096
Erie	2,290	3,239	482,294
Fairfield	2,614	3,336	505,212
Fayette	888	3,241	127,484
Franklin	13,966	3,250	2,865,631
Fulton	959	2,454	167,201
Gallia	1,223	3,280	141,796
Geauga	1,269	3,103	279,649
Greene	2,028	3,148	395,369
Guernsey	1,996	3,623	374,808
Hamilton	17,386	3,306	3,802,322
Hancock	1,162	3,405	193,554
Hardin	825	3,333	133,982
Harrison	730	3,414	118,632
Henry	835	2,945	131,352
Highland	1,493	3,250	210,689
Hocking	1,044	2,885	149,009
Holmes	443	3,000	64,007
Huron	1,766	2,558	264,241
Jackson	1,781	3,218	239,848
Jefferson	3,353	2,883	439,339
Knox	1,537	3,178	263,828
Lake	4,976	3,045	1,120,407
Lawrence	3,826	3,264	522,285
Licking	3,103	3,264	505,440
Logan	1,454	$3,192	$ 245,689
Lorain	7,613	3,197	1,691,422
Lucas	13,381	3,107	2,956,301
Madison	798	3,782	146,858
Mahoning	10,250	3,050	2,069,197
Marion	1,428	3,166	234,275
Medina	1,883	3,322	435,063
Meigs	1,322	2,794	143,097
Mercer	902	3,350	128,732
Miami	2,570	3,269	479K708
Monroe	670	3,037	94,657
Montgomery	9,896	2,435	1,685,385
Morgan	493	3,076	58,490
Morrow	889	3,243	150,708
Muskingum	3,069	3,040	503,554
Noble	630	3,087	82,231
Ottawa	1,165	2,666	224,239
Paulding	528	2,758	89,156
Perry	1,494	3,151	272,154
Pickaway	932	2,901	125,742
Pike	1,262	3,209	212,908
Portage	2,327	3,152	485,770
Preble	1,220	2,899	185,386
Putnam	840	2,569	108,567
Richland	3,669	3,213	706,613
Ross	2,530	3,104	411,815
Sandusky	1,711	3,101	296,133
Scioto	4,383	3,285	717,816
Seneca	1,494	3,380	250,637
Shelby	1,080	3,098	151,016
Stark	10,276	2,772	1,577,306
Summit	14,469	3,279	3,268,080
Trumbull	7,434	3,100	1,307,208
Tuscarawas	3,632	3,294	586,134
Union	761	3,076	124,150
Van Wert	978	3,227	172,476
Vinton	767	3,218	102,268
Warren	1,776	3,289	356,547
Washington	2,158	3,058	275,037
Wayne	1,977	3,187	356,714
Williams	1,145	2,660	150,207
Wood	1,923	3,080	358,924
Wyandot	603	2,932	87,773
Total	288,703	$3,140	$56,464,438

Source: Survey filed with the Department of Taxation by County Auditors.

SALES AND USE TAX

The Ohio sales and use tax went into effect in January 1935. The sales tax rate was 3% until 1967, when a 4% rate was adopted. After imposing a temporary 5% sales tax during the period of January through June 1981, a permanent 5% rate was adopted in November 1981. The sales and use tax originally was restricted to the sale or rental of tangible personal property, but has been extended to some services, including costs of repair and installation labor, automatic data processing and computer services provided to business, and certain telecommunication services.



In 1967, the Ohio General Assembly authorized counties to levy a tax of 0.5% in addition to the state sales and use tax for the purpose of providing additional county general revenue. The tax is levied pursuant to a resolution of the county commissioners and is subject to repeal by majority vote of the county electorate. In January 1982, counties were given the option of levying a full 1% permissive tax. In 1986 the Ohio General Assembly further authorized counties to levy an additional 0.5% sales tax subject to voter approval for one or more of the following purposes: (1) payment of bonds issued for a convention facility; (2) revenue for a transit authority; (3) additional county general revenue; (4) revenue for permanent improvements. In July 1987 counties and transit authorities were authorized to levy the tax in quarter percent increments. As of June 30, 1989, 84 of the 88 counties in Ohio levied a county permissive tax. In fiscal year 1989, the state collected $443.8 million for county governments.

In 1974, the Ohio General Assembly authorized transit authorities to levy a tax to be collected in addition to the state sales and use tax and county permissive tax for the purpose of providing revenues for public mass transit systems. The tax is levied pursuant to a resolution of the transit authority and subsequent approval by a majority of the voters at a special or general election. The tax can be levied at a rate of up to 1.5%. As of June 30, 1989 the Greater Cleveland Regional Transit Authority levied a 1% tax, the Miami Valley Transit Authority levied a 0.5% tax, and the Laketran Regional Transit Authority levied a 0.25% permissive sales tax. In fiscal year 1989, the state collected $118.1 million for the transit authorities including assessments and late payments to the Central Ohio Transit Authority that discontinued its tax September 1, 1985 (re-instituted at 0.25% as of February 1, 1990). The same exemptions and exceptions, credits, and payment dates apply to the regional transit authority tax as to the state tax.

The state collects the combined state and local tax and returns the local share directly to the counties. The same exemptions and exceptions, credits, and payment dates apply to the county tax as to the state tax. The sales and use tax is the second largest revenue producer for the state, amounting to $3.4 billion in fiscal year 1989.

TAX BASE (R.C. 5739.01, 5741.01):

The state, county, and transit authority sales and use taxes apply to all retail sales of tangible personal property that are not specifically exempt. Retail sales include the rental of tangible personal property, the rental of hotel rooms by transient guests, and the sales of specified services.

The county and transit authority use taxes apply to purchases made outside of the state and to purchases made from vendors located in an area which does not have the permissive sales and use tax, or

TAX BASE: (cont'd)

levies it at a lower rate, when the property or service is used in an area that levies a permissive sales and use tax.

RATES (R.C. 5739.02, 5739.021, 5739.023, 5739.025, 5739.026, 5741.02, 5741.021, 5741.022, 5741.023):

The state sales and use tax rate is 5%. Counties and transit authorities are authorized to levy an additional permissive tax at a rate of 0.25% to 1.5% each in quarter percent increments. The applicable sales tax rate for all taxable sales except computer services is the location of the vendor. The applicable sales or use tax rate for computer services and telecommunications service is the location of the purchaser. The applicable use tax rate for all taxable sales is the location of the purchaser. Following are the number of jurisdictions at each tax rate as of June 30, 1989.

State Rate	Local Rate	Total Rate	Number of Jurisdictions
5.0%	--	5.0%	4 counties
5.0	0.5%	5.5	20 counties
5.0	0.75	5.75	2 counties
5.0	1.0	6.0	60 counties
5.0	1.5	6.5	1 county
5.0	2.0	7.0	1 county

A bracket system is specified in Section 5739.025 of the Revised Code for each of the above rates.

EXEMPTIONS AND EXCEPTIONS (R.C. 5709.25, 5709.50, 5739.01, 5739.02, 5741.02):

1. Copyrighted motion picture films unless solely used for advertising;
2. Service transactions in which tangible personal property is an inconsequential element for which no separate charge is made except for the following taxable services:
   - Repair costs
   - Installation costs
   - Washing, cleaning, waxing, polishing, and painting of a motor vehicle
   - Cleaning of towels, linens, and clothing used in business
   - Automatic data processing and computer services used in business
   - Telecommunications service;
3. The value of motor vehicles traded-in on new motor vehicles sold by licensed new motor vehicle dealers;
4. Tangible personal property to be resold in the form received;
5. The refundable deposit paid on returnable beverage containers, cartons, and cases;
6. Tangible personal property used or consumed in commercial fishing;
7. Direct use exceptions:
   a) Material incorporated as a component part of tangible personal property produced for sale by manufacturing, assembling, processing or refining;
   b) Material used or consumed directly in the production of tangible personal property by manufacturing, processing, refining, mining, farming, agriculture, horticulture, floriculture, or used in the production of and exploration for crude oil and natural gas;
   c) Tangible personal property used directly in rendering a public utility service;
   d) Tangible personal property used or consumed directly in the transformation or conversion of raw coal into coke;
   e) Tangible personal property used or consumed in the preparation for sale of printed and other reproduced material and of magazines distributed as controlled circulation publications;
   f) Tangible personal property used directly in making retail sales.
8. Tangible personal property used or consumed in the surface reclamation of mined land;
9. Sales to U.S. Government agencies;
10. Sales to the state or any of its political subdivisions;
11. Food for human consumption off the premises where sold;
12. Food sold to students in a dormitory, cafeteria, fraternity, or sorority;
13. Food served without charge to employees as part of their compensation;
14. Newspapers;
15. Magazine subscriptions sent by 2nd class mail or distributed as controlled circulation publications;
16. Motor vehicle fuel subject to the state motor fuel excise tax;
17. Gas, water, steam, and electricity delivered through pipes, conduits or wires by a utility company;
18. Communication services by local telephone and telegraph companies (including cable television);
19. Casual sales except for motor vehicles and manufactured housing, titled watercraft and outboard motors, snowmobiles, and all purpose vehicles;

EXEMPTIONS AND EXCEPTIONS: (cont'd)

20. Sales by churches and non-profit charitable organizations (excluding motor vehicles and manufactured housing) provided that the number of sales does not exceed six days each year and no more than one day in any calendar month;
21. Transportation of persons or property;
22. Sales to churches and non-profit organizations operated exclusively for charitable purposes;
23. Building and construction material sold to contractors for incorporation into real property of federal, state, or local governments, or of religious and non-profit charitable institutions;
24. Ships used in interstate or foreign commerce and material used for repair, alteration, or propelling such vessels;
25. Material, machinery, equipment, and other items used in packaging property to be sold at retail;
26. Drugs prescribed by a licensed practitioner and dispensed by a registered pharmacist; insulin and injection materials used by diabetics; urine and blood testing materials used by diabetics or persons with hypoglycemia; oxygen and oxygen equipment for personal use; hospital beds for personal use; prosthetic devices; ostomy and orthopedic devices; hearing aids; crutches; wheelchairs and wheelchair lifts;
27. Emergency and fire protection vehicles used exclusively by non-profit organizations in providing emergency and fire protection services for political subdivisions;
28. Sales to non-profit community centers and to producers offering presentations in music, dramatics, the arts, and related fields to foster public interest and education;
29. Motor vehicles sold in Ohio to non-residents for titling and use outside the state;
30. Property used in the preparation of eggs for sale;
31. Sales of handling and transportation equipment (except licensed motor vehicles) to persons engaged in manufacturing, processing, assembling, or refining when used in moving property in or between plants during the production process;
32. Sales of property for use in agricultural production;
33. Property manufactured in Ohio and immediately shipped outside the state for use in retail business, if sold by the manufacturer to the retailer and shipped in vehicles owned by the retailer;
34. Sales to persons engaged in manufacturing, processing, assembling, or refining of property used directly in the production of property used or consumed in the production of a final product (use on use);
35. Sales to non-commercial, educational broadcasting stations;
36. Sales of animals by non-profit animal shelters and county humane societies;
37. Items used in preserving, preparing, or serving food, or material used in maintaining or cleaning these items in a commercial food service operation.
38. Tangible personal property used in air, noise, or water pollution control facilities by holders of pollution control certificates issued by the Tax Commissioner;
39. Bulk water for residential use;
40. Tangible personal property incorporated into an energy conversion facility, solid waste energy conversion facility, or thermal efficiency improvement facility certified by the Tax Commissioner;
41. Sales to qualified non-profit corporations of property used in furnishing services to, or conducting research for, public, educational, or charitable libraries;
42. Sales and installation of agricultural land tile and the sale and installation of portable grain bins to farmers;
43. Fees paid for the inspection of emission control equipment on motor vehicles;
44. Sales, leases, repairs and maintenance of motor vehicles used primarily in providing transportation for hire;
45. Items and labor used in fulfilling a warranty that is included in the purchase price;
46. Sales to state headquarters of veterans organizations chartered by congress or recognized by the Veterans Administration (Department of Veteran Affairs);
47. Normally taxable food items sold to persons using food stamps;
48. Sales of tangible personal property used directly in providing a telecommunications service.

DISCOUNT (R.C. 5739.12, 5741.12):

Payment on or before the date a return is required to be filed entitles the vendor to a discount of 1.5% of the amount due. Example: ($5,000 tax due - $75 discount) = $4,925 net tax due.

TAXPAYER (R.C. 5739.01, 5739.03, 5739.031, 5739.17, 5741.01):

Any person, retailer, business, organization, etc. making retail sales or making taxable purchases on which the tax has not been paid is required to file a return and remit the tax due.

The following are those required to remit sales or use tax, the cost of any license, if needed, and a description of each type of taxpayer:

TAXPAYER: (cont'd)

Taxpayer	Cost of License	Description
Vendor	First year $25; Annual renewal $10	Each person or business establishment located in Ohio making retail sales.
Service Vendor	First year $25; Annual renewal $10	Person or business that provides automatic data processing and computer services to businesses or telecommunications service.
Transient Vendor	First year $100; Annual renewal $40	Retailer who makes sales in any county in which the person has no fixed place of business. The license is valid throughout the state.
Limited Vendor	Each event $5	Retailer who makes sales at a temporary exhibition, show, flea market or other event. The license is valid only for the duration of the event or for seventeen days, whichever is less.
Seller	No fee	Retailer located outside of Ohio who makes retail sales of property or services for storage, use, or consumption in Ohio.
Direct Pay Permit Holder	No fee	Manufacturers or other consumers who purchase tangible personal property for which the taxable status cannot be determined at the time of purchase. These consumers are authorized to make sales and use tax payments directly to the state.
Clerks of Court	No fee	Vehicle dealers remit taxes collected on sales of motor vehicles and manufactured housing to county Clerks of Courts when a vehicle is titled. Clerks of Court also collect the tax on casual sales of motor vehicles, watercraft and outboard motors required to be titled. Clerks of Court then remit these receipts to the State.
Ohio Department Liquor Control	No fee	Collects and remits sales tax paid on alcoholic beverages sold in state controlled stores.
Consumers Use Tax Account	No fee	Purchasers who have not paid the tax to a Vendor or Seller (in most cases for out-of-state transactions) make payments directly to the state.

PAYMENT DATES (R.C. 5739.12, 5741.12, Rule 5703-9-10):

Type of Return	Taxpayer	Payment Date
Weekly	Clerks of Court	Payment on Monday for tax collected during the preceding week on motor vehicles titled.
Semi-monthly	Ohio Department of Liquor Control	By the 15th day of the month for the tax collected during the first 15 days of the previous month, and by the last day of the month for the tax collected from the 16th through the last day of the previous month on alcoholic beverage sold in state control stores.
Monthly	Vendors, Sellers, Service Vendors, Transient Vendors	By the 23rd day of the month for the tax collected during the preceding month.
Quarterly	Direct Pay Permit Holders	By the last day of January, April, July, and October for their tax liability during the preceding three months.
Quarterly	Consumer Use Tax Accounts	By the 15th day of January, April, July, and October for their tax liability during the preceding three months.
Semi-annual	Vendors, Sellers	By the 23rd day of the month following the close of each semi-annual period (predetermined by filing schedule) for the tax collected during the preceding six-month period. This method of payment may be authorized for vendors and sellers whose tax liability is less than $600 per six-month period.
Other	Limited Vendors	By the 15th day following the close of an event for tax collected during the event.

SPECIAL PROVISIONS:

1. **Master Accounts (Rule 5703-9-09):** Vendors who have two or more places of business in Ohio may, upon approval by the Tax Commissioner, file a single monthly consolidated return reporting on one form the information that normally is required to be reported from each location.
2. **Prearranged Agreements (R.C. 5739.05):** Vendors, such as fast food outlets, whose business is of a nature that keeping records of which sales are taxable and which exempt would impose an unreasonable burden, may be authorized by the Tax Commissioner to pay an amount based on a test check conducted to determine the proportion of taxable sales to total sales. Businesses electing this method of payment still collect the tax from customers at the time of purchase.
3. **Prepayment (R.C. 5739.05 and Rule 5703-9-08):** Vendors, such as coin operated vending machine operators, whose business is of a nature that the collection of the tax from consumers would impose an unreasonable burden, may be authorized by the Tax Commissioner to prepay the tax at a rate based on an analysis of sales and prices.
4. **Construction Contractors (R.C. 5739.01):** Construction contractors are considered to be the consumers of property incorporated into the construction of or improvement to real property and, thus, responsible for paying the tax on such property.
5. **Island Taxing Districts (R.C. 5739.101 - 5739.107):** Offshore islands not connected to mainland by highway or bridge are authorized to levy a tax at the rate of 0.5%, 1%, or 1.5% on business receipts from sales. Receipts from this tax are for the general revenue of the township or municipality within the island territory. The tax is administered and collected by the county treasurer.
6. **Lodging Tax (R.C. 351.021, 5739.02 and 5739.024):** In addition to the state sales tax, municipal corporations, townships, and counties may levy an excise tax on hotel and motel room rentals at a rate not exceeding three percent. Total combined local levies cannot exceed six percent. In certain cases, a portion of the receipts is earmarked for convention centers and visitor bureaus. County Convention Facility Authorities were permitted between June 29, 1988 and December 31, 1988 to enact an additional 4% lodging tax for convention facility or sports center construction. This tax is in addition to the combined maximum 6% rate for county, township or municipal lodging taxes, thereby allowing a combined local rate of 10%.

DISPOSITION OF REVENUE:

1. **State Sales and Use Tax:**
   a) Sales tax (R.C. 5739.21) -- For fiscal year 1989, 95.5% of all receipts to the state General Revenue Fund and 4.5% of the amount transferred to the Local Government Fund.
   b) Use tax (R.C. 5741.03) -- For fiscal year 1989, 95.5% of all receipts to the state General Revenue Fund and 4.5% of the amount transferred to the Local Government Fund.

   Beginning July 1, 1989, the disposition of both the Sales and Use taxes will be 95.1% to the General Revenue Fund, 4.6% to the Local Government Fund and 0.3% to the Local Government Revenue Assistance Fund.
2. **County Permissive Sales and Use Tax (R.C. 5739.21, 5741.03):**
   a) 1% certified to the credit to the Local Sales Tax Administrative Fund for the use of the Tax Commissioner in defraying costs of administration.
   b) Remainder to the county general fund.
3. **County Additional Permissive Sales and Use Tax (R.C. 5739.21, 5741.023):**
   a) 1% certified to the credit to the Local Sales Tax Administrative Fund for the use of the Tax Commissioner in defraying costs of administration.
   b) Remainder to the special purpose fund for which the additional tax is levied.
4. **Transit Authority Sales and Use Tax (R.C. 306.31, 5739.21, 5741.03):**
   a) 1% certified to the credit to the Local Sales Tax Administrative Fund for the use of the Tax Commissioner in defraying costs of administration.
   b) Remainder to the general revenue of the transit authority for the purpose of acquiring, constructing, operating, maintaining, replacing, improving, and extending transit facilities.

OHIO REVISED CODE CITATIONS:

Chapters 306, 5709, 5739, 5741.

RECENT LEGISLATION:

House Bill 721, effective September 13, 1988.

Temporary bill language enacted establishing method for extending the repeal of sales taxes on WATTS and 800 telecommunications services under R.C. 5739.01(AA)(1). The repeal expired January 1, 1989, making sales of these telecommunications services exempt from tax.

House Bill 111, effective July 1, 1989.

R.C. 5739.02: Exempts sales of investment metal bullion and investment coins.

RECENT SIGNIFICANT COURT DECISIONS:

Sauder Woodworking Co. v. Limbach (1988), 38 Ohio St. 3d 175. Cartons in which unassembled "knockdown" furniture is packed by the furniture manufacturer are not part of the product but are packaging materials subject to the tax during the six month suspension in 1981.

Stockbridge Leasing Co. v. Limbach (Sept. 16, 1988), B.T.A. Case No. 86-C-193. A Delaware trucking corporation with a terminal in Michigan and a business address in Ohio, has "used" a motor vehicle in Ohio such that it is subject to the use tax when it obtains an Ohio title for the vehicle. Operation as a contract carrier does not permit an exception under R.C. 5739.01(E)(2) as one engaged in operating a public utility.

Emery Industries v. Limbach (1989), 43 Ohio St. 3d 134. Under R.C. 5739.01(B), personal and professional services are not taxable as sales if there is no consequential transfer of tangible personal property as a part of the transaction. When the overriding purpose of the taxpayer is to obtain the service, there is no sale.

General Motors Corporation v. Limbach (1988), 36 Ohio St. 3d 271. Scrap handling equipment which takes metal chips to crushing and baling equipment which prepares it to be either sold or shipped to another plant owned by the taxpayer is taxable. Engineering drawings purchased for use in installing, repairing, or maintaining production equipment are taxable.

Columbus Equipment Co. v. Limbach (1988), 38 Ohio St. 3d 62. That portion of lease payments which were for interest charges and were separately stated when the customer exercised an option to purchase are properly excluded from the taxable price of the purchase.

Osborne Brothers Welding Supply Inc. v. Limbach (1988), 40 Ohio St. 3d 175. The demurrage fees paid by users of compressed gas cylinders for the continued use of the cylinders beyond the contracted-for return date constitute consideration for a "sale" (rental) of the cylinders under R.C. 5739.01(B).

Lyons v. Limbach (1988), 40 Ohio St. 3d 92. Water storage tanks used to hold water which will be pumped under pressure into a well hole to fracture rock and thus release oil and gas are not used directly in the exploration for, or production of, oil or gas because they are simply used to store raw material (water) before production. Equipment used in land reclamation is not automatically exempt simply because such reclamation is statutorily required.

DeNoon v. Limbach (1989), 42 Ohio St. 3d 35. High lifts which were used by a sawmill to sort and load logs onto a debarker machine, and to load cut lumber into a air drying area, and onto trucks, were not directly used in production because they were used before and after the change in state or form of the materials had occurred. Crayons used to mark lumber which was in process were exempt.

Federated Department Stores, Inc. v. Limbach (1989), 42 Ohio St. 3d 34. Materials used to create camera-ready copy of newspaper advertising supplements, which were provided by the taxpayer department store to the newspaper which printed and distributed copies, were held to be tax exempt. The advertising supplements described and priced products offered for sale by the taxpayer.

Carstab Corp. v. Limbach (1988), 40 Ohio St. 3d 89. Under R.C. 5739.13, 5741.13, and 5741.14, an assessment is "made" when it is journalized, because that event concludes the auditing activity and places it on the public record. An assessment is "issued" when the Commissioner places it in the mail, for certified delivery to the assessee, with adequate postage paid. An assessment is "served" when it is received by the assessee.

Table 68

SALES AND USE TAX

COLLECTIONS BY TYPE OF PAYMENT, FISCAL YEARS 1985-1989

Type of Payment	1985	1986	1987	1988	1989
Vendors Sales Tax	$1,726,056,453	$1,836,661,469	$1,960,648,241	$2,222,727,493	$2,359,015,358
Sellers Use Tax	94,310,311	102,655,688	137,594,446	133,551,857	157,015,417
Direct Payment Sales Tax	104,596,852	113,966,852	110,537,366	119,750,017	130,667,826
Consumers Use Tax	53,379,392	59,051,534	62,742,205	60,417,675	71,286,833
Sales and Use Tax Assessments and Penalties	47,991,622	60,945,533	63,440,019	63,709,822	90,544,486
Attorney General Sales and Use Tax Collections	20,737,460	15,045,012	7,235,964	36,360,942	37,038,717
Liquor Sales by Department of Liquor Control	14,979,753	14,488,068	14,818,645	14,517,542	14,214,421
Tax on Casual Watercraft Sales	3,593,280	4,314,639	4,809,055	4,963,701	5,081,382
Tax on Motor Vehicles and Manufactured Housing	486,390,438	575,929,333	603,187,487	553,871,260	549,275,436
Total	$2,552,035,561	$2,783,058,128	2,965,013,428	$3,209,870,309	$3,414,139,876
County and Regional Transit Authority Tax	323,559,341	391,042,344	417,094,720	506,247,431	561,929,974
Grand Total	$2,875,594,902	$3,174,100,472	3,382,108,148	$3,716,117,740	$3,976,069,850

Source: Ohio Office of Budget and Management, Monthly Revenue Report.

Table 69

SALES AND USE TAX

NUMBER OF ACCOUNTS, BY TYPE AND PAYMENT SCHEDULE (AS OF JUNE 30, 1989)

	PAYMENT SCHEDULE			
Accounts	Monthly	Semi-Annual	Quarterly	Total
Vendors	93,514	126,091	-0-	219,605
Sellers Use	3,762	6,940	-0-	10,702
Service Vendors	1,344	-0-	-0-	1,344
Transient Vendors	2,018	-0-	-0-	2,018
Master Accounts	1,520*	-0-	-0-	1,520
Consumers Use	-0-	-0-	10,204	10,204
Direct Pay	-0-	-0-	959	959
Total	102,158	133,031	11,163	246,352

* Represents 22,905 retail establishments authorized to file under Consolidated Master Accounts.

Table 70

SALES AND USE TAX

COUNTY AND TRANSIT AUTHORITY PERMISSIVE SALES TAX COLLECTIONS, FISCAL YEARS 1985-1989

Number Active	County	Tax Rate 6/30/89	Amount of Tax					Current Status	
			1985	1986	1987	1988	1989	First Enacted	Termination Date
--	Adams *	--	0	0	0	0	0	--	--
1	Allen	1.0%	$2,950,669	$3,183,870	$3,605,479	$7,100,565	$7,681,529	May 1, 1970	--
2	Ashland	1.0	748,660	799,276	840,703	954,259	1,322,348	Mar. 1, 1971	--
3	Ashtabula	1.0	1,754,277	3,443,989	3,763,001	4,000,248	4,126,012	Apr. 1, 1977	--
4	Athens	1.0	822,840	897,311	931,468	1,019,205	1,713,112	Feb. 1, 1982	--
5	Auglaize	1.0	760,826	826,017	1,360,237	1,914,734	2,053,625	Nov. 1, 1973	--
6	Belmont	0.5	130,102	1,593,116	1,713,234	1,859,004	1,917,921	May 1, 1985	--
7	Brown	0.5	424,004	366,485	441,863	553,661	510,767	Aug. 1, 1979	--
8	Butler	0.5	19,050	5,299,153	5,976,656	6,521,058	7,360,678	Jun. 1, 1985	--
9	Carroll	1.0	0	502,509	753,941	856,122	899,113	Sep. 1, 1985	--
10	Champaign	1.0	0	426,807	1,132,150	1,191,575	1,372,355	Jan. 1, 1986	--
11	Clark	1.0	5,456,350	6,325,702	6,643,282	7,151,306	7,341,341	Nov. 1, 1972	--
12	Clermont	1.0	5,582,007	6,394,204	7,056,115	7,845,209	8,382,167	Aug. 1, 1979	--
13	Clinton	1.0	584,475	634,056	696,223	726,596	1,256,932	May 1, 1972	--
--	Columbiana	--	0	1,332,489	13,878	12,296	9,116	Aug. 1, 1985	Dec. 31, 1985
14	Coshocton	1.0	717,143	1,218,859	1,263,192	1,382,796	1,432,882	Jun. 1, 1971	--
15	Crawford	0.5	939,901	1,225,699	833,853	897,462	1,001,844	May 1, 1978	--
16	Cuyahoga	1.0	36,967,988	39,896,247	41,210,832	71,162,616	92,217,382	Sep. 1, 1969	--
17	Darke	1.0	850,256	951,272	1,011,303	1,520,760	2,265,622	Jul. 1, 1975	--
18	Defiance	1.0	0	0	577,401	1,989,170	2,175,439	Feb. 1, 1987	--
19	Delaware	1.0	951,305	1,107,506	1,213,102	2,553,864	2,901,717	Jan. 1, 1972	--
20	Erie	1.0	2,219,478	2,493,732	3,207,802	5,450,694	5,816,603	Mar. 1, 1977	--
21	Fairfield	0.5	1,776,444	1,841,359	2,053,676	2,315,690	2,579,774	Sep. 1, 1981	--
22	Fayette	1.0	475,987	522,271	702,204	960,345	1,175,545	Mar. 1, 1983	--
23	Franklin	0.5	0	23,381,200	34,635,110	37,666,516	39,944,066	Sep. 1, 1985	--
24	Fulton	1.0	645,319	709,600	1,025,756	1,634,316	1,777,380	May 1, 1972	--
25	Gallia	1.0	529,955	560,235	581,411	1,115,915	1,266,926	Dec. 1, 1981	--
26	Geauga	0.5	0	0	0	1,382,990	1,863,104	Aug. 1, 1987	--
27	Greene	1.0	2,030,835	2,323,950	3,203,968	5,260,964	5,677,616	Mar. 1, 1971	--
28	Guernsey	1.0	1,513,511	843,806	1,101,121	1,694,699	1,787,464	Feb. 1, 1971	--
29	Hamilton	0.5	28,505,225	30,171,633	31,382,679	34,224,236	36,314,416	Jun. 1, 1970	--
30	Hancock	0.5	1,630,843	1,817,397	1,867,019	2,034,342	2,137,761	Feb. 1, 1979	--
31	Hardin	0.5	0	271,324	460,474	489,408	498,901	Oct. 1, 1985	--
32	Harrison	0.5	0	79,977	178,693	194,367	208,844	Dec. 1, 1985	--
33	Henry	1.0	450,206	506,369	995,895	1,059,696	1,135,042	Mar. 1, 1972	--
34	Highland	0.5	483,233	538,712	579,976	621,721	643,708	May 1, 1979	--
35	Hocking	1.0	317,531	424,149	363,066	603,336	756,242	Apr. 1, 1979	--
36	Holmes	0.5	489,882	560,879	637,652	675,148	662,277	Jul. 1, 1977	--
37	Huron	1.0	1,004,513	1,593,248	2,272,363	2,455,168	2,611,127	Feb. 1, 1978	--
38	Jackson	1.0	3,263	4,664	353	312,450	1,064,326	Apr. 1, 1982	--
39	Jefferson	1.0	1,462,539	1,529,912	1,627,087	3,115,813	3,715,766	Jun. 1, 1973	--
40	Knox	0.5	722,365	847,772	796,803	963,385	922,197	May 1, 1971	--
41	Lake	0.5	5,500,696	6,020,987	6,432,771	6,858,075	7,367,409	Jul. 1, 1969	--
42	Lawrence	1.0	0	11,115	1,477,090	1,677,138	1,670,111	Jun. 1, 1986	--
43	Licking	1.0	4,634,244	5,195,896	5,731,459	6,383,089	6,472,654	Feb. 1, 1971	--
44	Logan	1.0	746,437	833,031	903,047	1,157,279	2,120,661	Jan. 1, 1974	--
45	Lorain	0.5	0	4,680,499	5,427,523	6,165,979	6,499,056	Jul. 1, 1985	--
46	Lucas	1.0	24,312,002	27,464,761	29,395,066	31,331,809	34,022,579	Feb. 1, 1971	--
47	Madison	1.0	873,770	984,768	1,122,821	1,233,718	1,295,984	Mar. 1, 1983	--
48	Mahoning	0.5	5,592,162	6,172,898	6,235,181	6,867,469	7,428,441	Apr. 1, 1980	--
49	Marion	0.5	0	1,002,128	1,467,310	1,551,175	1,660,780	Sep. 1, 1985	--
50	Medina	0.5	2,162,364	2,462,705	2,606,481	3,011,206	3,129,560	Apr. 1, 1971	--

Table 70 (Cont'd)

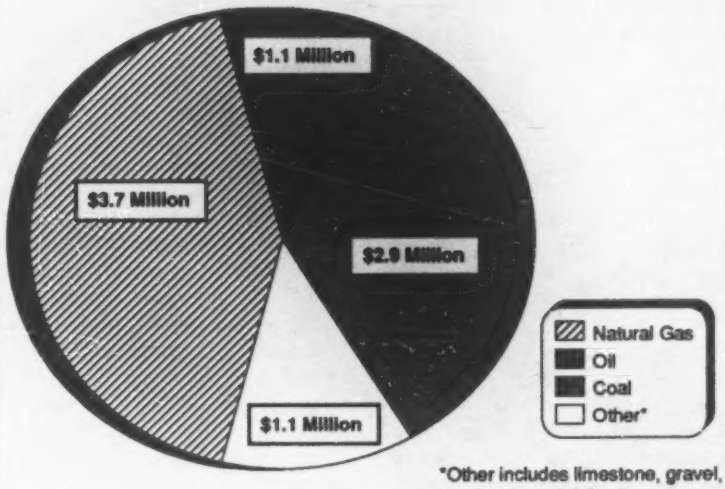
Number Active	County	Tax Rate 6/30/89	Amount of Tax 1985	1986	1987	1988	1989	Current Status: First Enacted	Current Status: Termination Date
51	Meigs	1.0%	0	0	$197,269	$670,922	$667,645	Feb. 1, 1987	--
52	Mercer	1.0	$720,865	$778,029	887,368	1,815,312	1,892,435	Nov. 1, 1971	--
53	Miami	1.0	1,895,545	2,025,516	2,268,535	3,670,007	4,843,809	Dec. 1, 1969	--
54	Monroe	1.0	0	0	236,542	435,248	465,964	Oct. 1, 1986	--
55	Montgomery	0.5	16,122,729	27,165,643	25,617,865	20,395,120	20,976,579	Jan. 1, 1971	--
56	Morgan	1.0	150,683	152,775	159,077	253,342	367,115	Feb. 1, 1972	--
57	Morrow	1.0	246,904	271,348	290,246	337,291	606,469	Jul. 1, 1971	--
58	Muskingum	1.0	3,412,249	3,921,223	3,982,933	4,175,321	4,296,615	May 1, 1971	--
59	Noble	1.0	164,674	252,223	255,680	282,897	314,966	Jan. 1, 1971	--
60	Ottawa	1.0	929,382	1,899,596	2,096,780	2,333,585	2,459,254	Oct. 1, 1973	--
61	Paulding	1.0	404,048	466,796	482,955	536,372	594,667	Apr. 1, 1984	--
62	Perry	1.0	620,466	664,410	673,404	745,911	772,365	Mar. 1, 1971	--
63	Pickaway	1.5	1,369,520	1,537,251	1,629,710	2,027,191	2,604,166	Oct. 1, 1983	--
64	Pike	1.0	0	0	0	66,990	778,888	May 1, 1988	--
65	Portage	1.0	0	0	5,966	2,856,559	4,667,254	Apr. 1, 1971	--
66	Preble	1.0	479,825	672,130	1,104,660	1,270,177	1,256,312	Nov. 1, 1979	--
67	Putnam	1.0	432,062	475,867	550,223	1,107,155	1,154,501	Jan. 1, 1974	--
68	Richland	0.75	2,492,586	3,503,375	2,273,135	1,841,187	6,123,871	Jun. 1, 1979	--
69	Ross	1.0	1,245,770	1,343,301	1,875,051	3,181,524	3,280,227	Jan. 1, 1980	--
70	Sandusky	1.0	1,170,850	1,333,522	2,432,032	2,815,460	2,921,983	Aug. 1, 1979	--
71	Scioto	1.0	1,264,695	1,360,317	1,865,205	2,939,839	3,070,587	May 1, 1979	--
72	Seneca	1.0	1,615,603	1,263,978	27,020	109,042	2,151,340	Oct. 1, 1983	--
73	Shelby	1.0	702,982	793,380	834,269	1,160,575	2,184,549	Mar. 1, 1971	--
--	Stark	--	0	0	6,426,657	12,333,533	91,959	Jan. 1, 1987	Dec. 31, 1987
74	Summit	0.5	13,613,571	14,815,638	15,263,609	17,173,601	17,994,241	Mar. 1, 1973	--
--	Trumbull	--	418	3,206,735	18,556	18,810	15,555	Jun. 1, 1985	Dec. 31, 1985
75	Tuscarawas	1.0	0	1,583,788	900,125	3,914,513	4,383,908	Apr. 1, 1971	--
76	Union	1.0	0	0	0	0	229,679	Apr. 1, 1989	--
77	Van Wert	1.0	1,037,515	1,125,104	1,142,370	1,254,712	1,313,527	Mar. 1, 1972	--
78	Vinton	1.0	16,709	127,435	222,315	262,211	258,681	May 1, 1985	--
79	Warren	1.0	2,122,006	2,411,469	2,647,581	2,905,172	4,186,320	Jan. 1, 1972	--
80	Washington	1.0	2,340,646	2,551,721	2,618,063	2,737,748	3,052,363	Oct. 1, 1983	--
81	Wayne	0.5	1,910,399	1,992,392	2,134,220	2,458,427	2,521,345	Mar. 1, 1971	--
82	Williams	1.0	701,431	872,628	1,573,515	1,722,053	1,786,031	Dec. 1, 1977	--
83	Wood	1.0	2,420,355	2,644,935	2,847,510	4,756,537	6,529,207	Jun. 1, 1971	--
84	Wyandot	1.0	203,437	383,071	4,237	307,368	829,499	Feb. 1, 1985	--
	County Total		$205,550,584	$283,891,142	$315,056,453	$396,563,378	$443,837,903		
	Cleveland RTA (Cuyahoga County)	1.0%	$74,122,473	$80,149,307	$82,824,508	$88,752,485	$93,771,137	Oct. 1, 1975	--
	Miami Valley TA (Montgomery County)	0.5	$15,493,835	$17,905,383	$18,816,433	$20,250,626	$20,960,275	Jul. 1, 1980	--
	LakeTran RTA (Lake County)	0.25	$0	$0	$0	$0	$2,950,457	Aug. 1, 1988	--
	Central Ohio TA (Franklin County)	--	$28,392,449	$9,096,516	$397,326	$680,942	$410,203	Sep. 1, 1980	Aug. 31, 1985
	Transit Authority Total		$118,008,757	$107,151,206	$102,038,267	$109,684,053	$118,092,071		
	Grand Total		**$323,559,341**	**$391,042,348**	**$417,094,720**	**$506,247,431**	**$561,929,974**		

Note: Some counties have repealed and then re-enacted the tax, and increased rates since the first enactment.
* Adams county has never had a permissive sales tax.

SEVERANCE TAX

The severance tax, first levied in 1972, is paid by persons or firms which extract or sever certain natural resources from the soil or waters of Ohio. The tax produced $8.8 million in fiscal year 1989, about 43% of it from the levy on natural gas. Severers are licensed by the Tax Commissoner or other designated state agencies.

Severance Tax Collections, by Type of Resource
Fiscal Year 1989 Total – $8.8 Million



*Other includes limestone, gravel, sand, salt, and dolomite.

TAX BASE (R.C. 5749.02):

The tax is levied on the weight or volume of certain natural resources extracted from the soil or water of Ohio.

RATES (R.C. 5749.02):

Salt	4 cents per ton
Coal	9 cents per ton
Oil	10 cents per barrel
Natural Gas	2.5 cents per 1,000 cubic feet
Limestone, Dolomite, Sand, Gravel	1 cent per ton (2 cents per ton effective 7/1/89)

EXEMPTIONS AND CREDITS (R.C. 5749.03):

$1,000 exemption annually for natural resources used on the land from which they are taken by the severer as part of the improvement of or use in his homestead.

TAXPAYER (R.C. 5749.02):

Each severer.

PAYMENT DATES (R.C. 5749.06):

Quarterly:

May 15	For quarterly periods ending
Aug. 14	the last day of March, June,
Nov. 14	September and December,
Feb. 14	respectively.

DISPOSITION OF REVENUE (R.C. 5749.02, 5749.021):

1. To fund the Geological Mapping Fund, the following distributions are made:
   (a) 6.3% of 7 of the 9 cents tax on coal
   (b) 15% of salt severance tax collections
   (c) 15% of limestone, dolomite, sand and gravel severance tax collections
   (d) 10% of oil and gas severance tax collections
2. To fund the Unreclaimed Lands Fund, the following distributions are made:
   (a) 21.6% of 7 of the 9 cents tax on coal
   (b) 85% of limestone, dolomite, sand and gravel severance tax collections
   (c) 85% of salt severance tax collections
3. To fund the Oil and Gas Well Plugging Fund, one million dollars is allocated from the remaining 90% of oil and gas severance tax collections. Any excess over this dollar amount will be allocated to the Oil and Gas Permit Fee Fund.

DISPOSITION OF REVENUE (R.C. 5749.02, 5749.021): (cont'd)

4. To fund the Defaulted Areas Fund, the following distributions are made:
   (a) Revenue from one cent levied on coal
   (b) 14.2% of 7 of the cents tax on coal
5. To fund the Coal Mining Administration and Reclamation Reserve Fund, 57.9% of the remaining 7 cents tax on coal is distributed to this fund.
6. To fund the Reclamation Supplemental Forfeiture Fund, the revenue from the additional one cent levied on coal.

SPECIAL PROVISIONS:

A temporary 1-cent-per-ton tax on coal may be enacted in the event the balance in the Reclamation Fund falls below $2 million and $500,000 has already been transferred to the fund by the Auditor of State in the fiscal year. An additional temporary 1 cent-per-ton tax on coal may be enacted if it is deemed that the balance of the Defaulted Areas Fund plus transfers to the fund and the estimated revenue for the fund are not sufficient to reclaim lands.

OHIO REVISED CODE CITATIONS:

Chapter 5749.

RECENT LEGISLATION:

House Bill 111, effective July 1, 1989

R.C. 5749.02: Increases the tax on limestone, dolomite, sand and gravel from one cent to two cents per ton. Enacts a new levy of one cent per ton on clay, conglomerate, gypsum, quartzite, sandstone, and shale.

Table 71

SEVERANCE TAX

COLLECTIONS, FISCAL YEARS 1987-1989

Natural Resource	Tax Rate	1987	1988	1989
Coal	9.0 cents per ton*	$3,132,922	$3,097,981	$2,886,766
Natural Gas	2.5 cents per 1,000 cu. ft.	4,174,867	4,034,260	3,727,439
Limestone	1.0 cent per ton	391,578	437,168	436,772
Oil	10.0 cents per barrel	1,141,301	1,113,419	1,088,746
Gravel	1.0 cent per ton	234,645	245,296	280,613
Sand	1.0 cent per ton	182,368	199,741	209,773
Salt	4.0 cents per ton	155,383	132,440	139,672
Dolomite	1.0 cent per ton	26,947	37,125	29,493
Total		$9,867,974	$9,440,011	$8,799,274

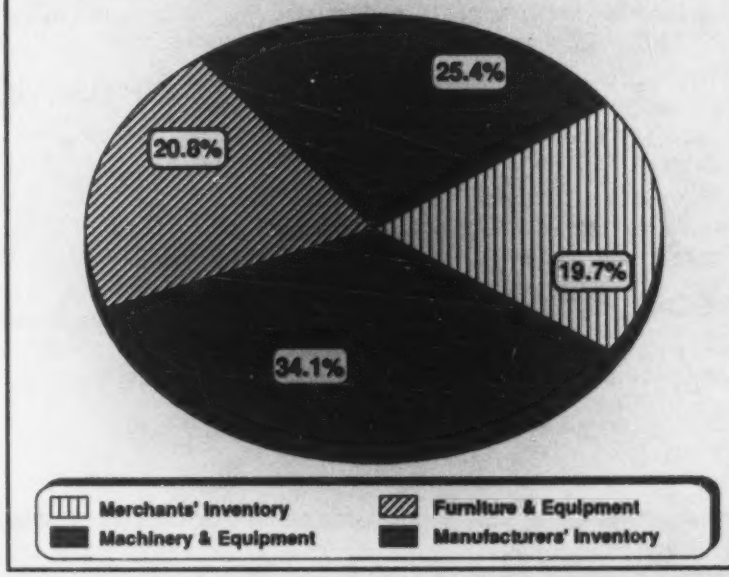
* Includes 2 cents in temporary levies (see "SPECIAL PROVISIONS").

TANGIBLE PERSONAL PROPERTY TAX

Taxes levied on tangible personal property totaled $1,005.2 million in calendar year 1988, on a taxable value of $17.0 billion. The $10,000 exemption reduced the statewide taxable value by $999.1 million and reduced statewide taxes levied by $64.7 million in 1988. However, the state reimbursed local governments for this revenue loss.

The assessment percentages applied to all types of tangible personal property (except electrical equipment) were reduced by one percentage point in 1988.

Tangible Personal Property Valuations, by Type of Property
Calendar Year 1988 Total Valuation -- $17.0 Billion



TAX BASE (R.C. 5701.03, 5701.08, 5709.01, 5711.03, 5711.15-5711.18, 5711.22):

Tangible personal property located and used in business in Ohio -- including machinery, equipment, and inventories.

Taxable value is determined by applying various assessment percentages to the true value of different classes of tangible personal property. These assessment percentages are shown below in the Tangible Personal Property Tax Exhibit. The true value of depreciable assets (machinery and equipment, furniture and fixtures, etc.) is statutorily defined as depreciated book value unless the assessor determines otherwise. The true value of manufacturers' and merchants' inventories is determined by the average monthly value (basically cost of acquisition) of the inventories. Inventories of other taxpayers are listed at their value as of the tax listing date (generally December 31). The exhibit below shows the assessment percentages applied to true value in 1988 and 1989. The percentages for all property (except for electrical equipment) will be reduced by one percentage point each year until the assessment level reaches 25% in 1993.

TANGIBLE PERSONAL PROPERTY TAX EXHIBIT

Class of Property	Percentage Applied to True Value to Determine Taxable Value 1988	1989
Manufacturing Machinery & Equipment	30%	29%
Manufacturers' Inventories	30%	29%
Merchants' Inventories	30%	29%
Electrical Equipment*	100%	100%
Furniture, Fixtures, and All Other Property	30%	29%

* Property used in generating or distributing electricity to others (except by utilities); the total value of this class is not significant.

RATES (R.C. 319.31, 5705.02, 5705.03, 5705.05,5705.19):

Vary with taxing jurisdiction. Total tax rate includes all levies, enacted by legislative authority or approved by voters, for all taxing jurisdictions within which the property is located (e.g. county, township, municipal corporation, school district, etc). The rates applied to tangible personal property are the same as those rates developed and applied to the previous year's listing of real estate and public utility property. However, gross taxes levied on real property are reduced when real property values increase, while taxes levied against tangible property are not reduced. The statewide average tax rate on tangible property in 1988 was 59.27 mills.

SPECIAL PROVISIONS (R.C. 321.24, 5709.61-5709.66, 5733.061-5733.063, 5747.051):

1. An annual credit against the corporate franchise or personal income tax liability of a firm is allowed for a portion of the tangible property taxes timely paid on machinery and equipment used in manufacturing or refining and acquired in 1978 or thereafter. This credit is equal to the difference between the tangible property taxes actually paid on such property and the tax that would have been due if the listing percentage for the property had been 20%. Starting in 1989 this percentage will be increased by one percentage point per year until 1993 - an increase from 20% to 25%. For 1988, this credit was equal to about 33.3% of the taxes paid on qualified equipment.
2. Until 1992, certain local governments may abate up to 100% of the tangible property taxes for a period of up to 10 years for qualified businesses establishing, expanding, renovating or occupying a facility in a "Jobs and Enterprise Zone."
3. The local revenue loss caused by the "$10,000 exemption" (See **"Exemptions and Exceptions"** Section) is reimbursed from state revenues.

EXEMPTIONS AND EXCEPTIONS:

1. The first $10,000 of otherwise taxable value for each company.
   (R.C. 5709.01)
2. Property not used in business; i.e., property owned and not used for gain by any level of government, schools, churches, colleges, etc.
   (R.C. 5701.08, 5709.07, 5709.08, and 5709.12)
3. Registered motor vehicles and licensed aircraft.
   (R.C. 5701.03 and 5709.01)
4. Personal property used in agriculture.
   (R.C. 5701.08)
5. Patterns, jigs, dies, and drawings used in business which are held for use and not for sale.
   (R.C. 5701.03)
6. Certified air, water, and noise pollution control equipment.
   (R.C. 5709.25 and 6111.35)
7. Tangible personal property of domestic and foreign insurance companies, financial institutions, and dealers in intangibles (except property held for the purpose of leasing to others).
   (R.C. 5725.25 and 5725.26)
8. Machinery and equipment while under installation or construction in a plant or facility and not capable of operation.
   (R.C. 5701.08)
9. Certified energy conversion facilities -- property used to convert a commercial or industrial facility from the use of natural gas or fuel oil to any other fuel except propane, butane, or naptha.
   (R.C. 5709.50)
10. Certified thermal efficiency improvement facilities -- property used for recovery and use of waste heat, or steam produced in generating electricity, heat generation, lighting, refrigeration, or space heating.
    (R.C. 5709.50)
11. Certified solid waste energy conversion facilities -- property used to convert solid waste from industrial operations into energy for some useful purpose.
    (R.C. 5709.50)
12. Inventories held for use in a foreign trade zone (See **"RECENT LEGISLATION"**).
    (R.C. 5709.44)
13. Property in a public recreational facility used for athletic events if certain criteria are met.
    (R.C. 5709.081)
14. Property shipped from outside Ohio, held in Ohio for storage only, and shipped back out of Ohio.
    (R.C. 5701.08)
15. Leased property used by the lessee exclusively for agricultural purposes.
    (R.C. 5701.08)
16. New and used machinery, equipment, and accessories designed and built for agricultural use while in the inventory of a merchant.
    (R.C. 5701.08)
17. Property owned by a port authority and leased to a railroad is partially exempt for a period of 10 years.
    (R.C. 5709.71)
18. Property used in the production of grape juice or wine and grape juice and wine inventory not held in labeled containers in which it will be sold.
    (R.C. 5709.55)

FILING AND PAYMENT DATES (R.C. 319.29, 323.17, 5711.01, 5711.04, 5711.25, 5719.02):

February 15th to April 30th -- Returns are filed by all businesses during this period unless a time extension of up to 45 days is allowed by the county auditor or Tax Commissioner. Taxpayers first engaging in business after January 1 file a return within 90 days of the day they start business. Single-county corporations, unincorporated businesses, and individuals pay one-half of tax due when filing tax return. Businesses whose only taxable property is exempt under the $10,000 exemption must still file returns and report the value of that property. The value of the "$10,000 exemption" is reduced by 50% for companies which do not file returns on time.

Second Monday in August -- Tax Commissioner certifies preliminary tangible personal property valuations of inter-county corporations to county auditors.

Third Monday in August -- County auditor certifies and delivers tangible personal property list to county treasurer.

September 20th -- Inter-county corporations pay total tax liability by this date. Second half of tax due from all other taxpayers. This due date may be extended for up to 30 days.

DISPOSITION OF REVENUE (R.C. 319.50, 319.54, 5705.10, 5719.02, 5719.05):

After local administrative deductions, revenue is distributed to counties, municipalities, townships, school districts, and special districts according to the taxable values and total voted millage levied by each, or as apportioned by the county budget commission (millage inside the 10-mill limit). In 1988, school districts received 70.5% of the total tax revenue, while municipalities received 7.9%, townships 3.1%, and counties and special districts 18.5%.

OHIO REVISED CODE CITATIONS:

Chapters 319, 323, 5701, 5705, 5709, 5711 and 5719.

ADMINISTRATION (R.C. 5711.11, 5711.13):

Each county auditor is a deputy of the Tax Commissioner for purposes of this tax. Taxpayers are required to file annual returns with either the Tax Commissioner or the county auditor. The following table indicates where the returns are filed and who is responsible for assessing the property.

Taxpayers	Filed With And Tax Assessed By
Inter-county taxpayers (businesses with taxable property in more than one Ohio county)	Tax Commissioner
Single-county taxpayers* (businesses with taxable property in only one Ohio county)	County Auditor

* Returns are filed in duplicate with one copy forwarded to the Tax Commissioner.

RECENT LEGISLATION:

House Bill 96, effective October 24, 1989.

5709.44: Restricts the exemption for tangible personal property located in a new foreign trade zone by exempting only that property which is currently exempt under federal law (for zones created after December 31, 1989).

RECENT SIGNIFICANT COURT DECISIONS:

Klaben Ford, Inc. v. Limbach (September 16, 1988), BTA Case Nos. 87-J-290. The exception from the definition of personal property of motor vehicles registered by the owner thereof, under R.C. 5701.02, does not apply to an auto dealer's inventory, even though the dealer may be the registered owner.

Coleman Young Motors, Inc. v. Limbach (August 1, 1988), Lake County App. 12-189 Motion to Certify the Record to the Supreme Court Overruled, Oct. 26, 1988. Where an auto dealer took orders for autos to be shipped from the manufacturer, and the autos were delivered to the dealer for preparation before transfer to the customer, the autos must be included in the inventory calculation of R.C. 5711.15.

John L. Molner Industries v. Limbach (September 2, 1988), BTA No. 87-C-304. The presumptive validity of the Tax Commissioner's certificate of final determination will result in the affirmation of same when the appellant fails to appear and present evidence at a Board hearing, after having received notice.

Dayton Press, Inc. v. Limbach (1989), 42 Ohio St. 3d 101. Equipment being held for sale by a company which had ceased operations was not being "used in business" within the meaning of R.C. 5701.08 because, even though the equipment was being held for sale, it was no longer used in the taxpayer's business. Since it was not so used, it was not taxable.

RECENT SIGNIFICANT COURT DECISIONS: (cont'd)

Arcey Broadcasting, Inc. v. Limbach (April 11, 1989), Stark Co. App. No. CA-7578. Radio transmission towers are held by the court to be personal property, not real property.

N.E.T. Realty, Inc. v. Lindley (August 9, 1988), Mahoning App. No. 86-CA-47. Refrigeration panels built into the walls of a cold storage warehouse are properly taxed as personal property when used to create a room to store produce and other perishable foods being held for sale.

Table 72

TANGIBLE PERSONAL PROPERTY TAX

ASSESSED VALUE OF TANGIBLE PERSONAL PROPERTY AND TAXES LEVIED, CALENDAR YEARS 1984-1988

Calendar Year	Value of Tangible Property	Taxes Levied	Annual Change		Average Tax Rate (in mills)
			Value	Taxes	
1984	$15,612,065,178*	$831,600,228*	-8.46%	-6.03%	53.27
1985	16,083,694,773	868,212,896	+3.02	+4.40	53.98
1986	16,771,275,378	936,196,658	+4.28	+7.83	55.82
1987	16,857,675,404	964,873,173	+0.52	+3.06	57.24
1988	16,960,391,282	1,005,234,164	+0.61	+4.18	59.27

* Both value and taxes levied declined substantially primarily as a result of the new $10,000 exemption granted each taxpayer.

Table 73

TANGIBLE PERSONAL PROPERTY TAX

TAXES LEVIED ON TANGIBLE PERSONAL PROPERTY, BY SUBDIVISION, CALENDAR YEARS 1984-1988

Calendar Year	Taxes Levied Currently				Delinquent Taxes from Former Years	Total Taxes and Delinquencies
	City and Village	School District	Township	County*		
1984	$74,791,617	$588,110,334	$23,377,425	$145,320,852	$131,225,649	$ 962,825,877
1985	76,439,601	609,005,685	26,308,139	156,459,471	145,469,750	1,013,682,646
1986	N/A	N/A	N/A	N/A	N/A	N/A
1987	79,127,004	679,421,562	29,516,257	176,811,349	208,648,777	1,173,524,949
1988	79,610,675	708,314,111	31,561,537	185,747,840	201,821,217	1,207,055,380

* Includes special districts.

N/A = Not Available

Table 74

TANGIBLE PERSONAL PROPERTY TAX

TAXES LEVIED ON TANGIBLE PERSONAL PROPERTY IN OHIO CITIES, BY SUBDIVISION, CALENDAR YEARS 1984-1988

Calendar Year	Taxes Levied Currently				Delinquent Taxes from Former Years	Total Taxes and Delinquencies
	City and Village	School District	Township	County*		
1984	$67,932,293	$413,715,809	$1,813,002	$105,373,569	$ 88,938,544	$677,773,217
1985	69,265,924	426,522,387	2,485,263	112,604,277	102,188,286	713,066,137
1986	N/A	N/A	N/A	N/A	N/A	N/A
1987	71,168,390	469,333,985	3,105,219	126,400,366	144,909,308	814,917,268
1988	71,160,519	486,248,973	2,848,690	131,559,904	141,310,277	833,126,363

* Includes special districts.

N/A = Not Available

Table 75

TANGIBLE PERSONAL PROPERTY TAX

ASSESSED VALUE OF TANGIBLE PERSONAL PROPERTY[a] OF INTER-COUNTY CORPORATIONS BY INDUSTRY CLASS AND CLASS OF PROPERTY, CALENDAR YEAR 1988[b]

	Manufacturing Machinery & Equipment[c]	Manufacturers' Inventories	Merchants' Inventories	Furniture, Fixtures & All Other Property	Total
Agriculture & Forestry	$ 1,164,289	$ 1,666,664	$ 6,264,319	$ 2,302,008	$ 11,397,280
Mining	139,959,677	15,400,758	22,205,534	56,365,841	233,931,810
Construction	22,499,522	9,364,356	3,255,571	22,892,710	58,012,160
Manufacturing	3,674,868,778	2,807,589,757	429,912,273	739,300,347	7,651,671,155
Transportation	61,677,494	3,373,084	15,389,757	86,068,383	166,508,719
Wholesale Trade	75,765,389	104,868,117	334,701,978	98,262,446	613,597,930
Retail Trade	22,988,849	68,576,087	763,533,807	376,559,171	1,231,657,914
Finance	87,708,520	30,366,392	48,120,927	298,974,322	465,170,160
Service	81,330,583	11,581,489	87,285,636	398,811,952	579,009,660
Unclassified[d]	151,666,297	104,353,651	62,551,759	179,289,572	497,861,280
Total	$4,319,629,399	$3,157,140,355	$1,773,221,561	$2,258,826,752	$11,508,818,068

(a) After the $10,000 exemption.

(b) Inter-county corporations are corporations with taxable property in more than one Ohio county.

(c) Also includes property used in mining, laundries, drycleaning, towel and linen supply, stone and gravel plants, and radio and television broadcasting.

(d) Primarily property leased from financial institutions.

Table 76

TANGIBLE PERSONAL PROPERTY TAX

ASSESSED VALUE OF TANGIBLE PERSONAL PROPERTY BY CLASS OF PROPERTY, CALENDAR YEARS 1987-1988 (millions of dollars)

Class of Property	Schedule	Assessment Levels (% of True Value) 1987	1988	Assessed Taxable Value: Inter-county Corporations 1987	1988	All Business* 1987**	1988**
Manufacturing Machinery & Equipment	2	31%	30%	$4,444.4	$4,319.6	$5,832.5	$ 5,777.4
Manufacturers' Inventories	3	31%	30%	3,260.4	3,157.2	4,362.5	4,314.6
Merchants' Inventories	3A	31%	30%	1,839.5	1,773.2	3,339.7	3,348.7
Furniture, Fixtures & All Other Property	4	31%	30%	2,122.3	2,258.8	3,323.0	3,519.7
Total				$11,666.6	$11,508.8	$16,857.7	$16,960.4

* Includes single-county corporations and unincorporated businesses as well as inter-county corporations.
** Partially estimated.

Table 77

TANGIBLE PERSONAL PROPERTY TAX

PERCENTAGES APPLIED TO TRUE VALUE OF TANGIBLE PERSONAL PROPERTY TO DETERMINE TAXABLE VALUE, TAX YEARS 1981-1990

Tax Year	Manufacturing Machinery & Equipment	Manufacturers' Inventories	Merchants' Inventories	Electrical Equipment*	All Other Property**
1981	40%	35%	35%	100%	40%
1982	38	35	35	100	38
1983	36	35	35	100	36
1984	34	34	34	100	34
1985	33	33	33	100	33
1986	32	32	32	100	32
1987	31	31	31	100	31
1988	30	30	30	100	30
1989	29	29	29	100	29
1990	28	28	28	100	28

* Property used in generating or distributing electricity to others (except utilities).
** Includes furniture and fixtures.

Table 78

TANGIBLE PERSONAL PROPERTY TAX

ASSESSED VALUE OF TANGIBLE PERSONAL PROPERTY, TAXES LEVIED, AND AVERAGE COUNTY RATES ON TANGIBLE PROPERTY, BY COUNTY, CALENDAR YEAR 1988

County	Value of Taxable Property	Current Taxes Levied*	Average County Rate (in mills)	County	Value of Taxable Property	Current Taxes Levied*	Average County Rate (in mills)
Adams	$ 16,493,588	$ 516,324	31.30	Logan	$ 55,560,734	$ 2,783,517	50.10
Allen	348,335,238	14,795,032	42.47	Lorain	348,409,493	22,505,826	64.60
Ashland	60,918,123	3,189,037	52.35	Lucas	787,480,317	53,875,307	68.41
Ashtabula	125,243,479	7,129,042	56.92	Madison	24,484,514	1,155,228	47.18
Athens	19,091,700	1,248,863	65.41	Mahoning	224,309,674	13,372,102	59.61
Auglaize	75,258,926	3,492,690	46.41	Marion	95,940,003	4,836,333	50.41
Belmont	60,707,056	2,891,421	47.63	Medina	117,760,286	8,210,306	69.72
Brown	13,101,240	568,817	43.42	Meigs	29,254,813	1,163,488	39.77
Butler	447,502,859	21,453,992	47.94	Mercer	47,069,620	2,008,933	42.68
Carroll	22,644,525	1,112,705	49.14	Miami	177,285,021	10,222,478	57.66
Champaign	51,921,720	2,824,887	54.41	Monroe	83,585,111	3,612,540	43.22
Clark	147,921,308	8,212,562	55.52	Montgomery	962,873,567	61,319,510	63.68
Clermont	147,278,607	8,016,851	54.43	Morgan	18,370,262	685,987	37.34
Clinton	52,051,990	2,441,694	46.91	Morrow	17,484,766	954,494	54.59
Columbiana	82,683,939	4,240,437	51.28	Muskingum	85,453,535	4,619,056	54.05
Coshocton	68,800,442	3,029,651	44.04	Noble	26,404,711	1,102,799	41.77
Crawford	88,508,172	4,689,117	52.98	Ottawa	113,665,605	5,550,925	48.84
Cuyahoga	2,438,654,391	179,620,624	73.66	Paulding	19,833,714	1,100,530	55.49
Darke	60,214,410	2,645,154	43.93	Perry	16,903,884	929,651	55.00
Defiance	71,014,944	3,175,214	44.71	Pickaway	90,271,055	3,730,501	41.33
Delaware	101,052,283	5,151,844	50.98	Pike	9,092,227	515,433	56.69
Erie	138,200,807	8,656,582	62.64	Portage	150,788,119	10,307,427	68.36
Fairfield	87,047,975	5,149,191	59.15	Preble	28,637,930	1,398,700	48.84
Fayette	26,396,405	1,069,314	41.27	Putnam	22,737,157	969,336	42.63
Franklin	1,538,154,153	94,018,771	61.12	Richland	258,237,414	14,453,019	55.97
Fulton	54,629,596	2,953,889	54.07	Ross	129,110,020	6,903,289	53.47
Gallia	23,552,000	816,959	34.69	Sandusky	136,516,508	6,388,924	46.80
Geauga	74,632,180	5,281,367	70.77	Scioto	69,363,363	3,022,970	43.58
Greene	88,760,737	5,602,547	63.12	Seneca	101,367,493	4,663,971	46.01
Guernsey	48,107,822	2,593,467	53.91	Shelby	134,720,061	5,927,042	44.00
Hamilton	1,774,451,030	110,660,115	62.36	Stark	628,946,673	34,070,351	54.17
Hancock	168,291,208	7,924,544	47.09	Summit	734,894,025	45,862,730	62.41
Hardin	29,240,815	1,353,211	46.28	Trumbull	417,584,414	22,410,979	53.67
Harrison	22,502,260	999,670	44.43	Tuscarawas	128,522,303	5,957,992	46.36
Henry	55,645,862	2,686,556	48.28	Union	159,636,510	7,064,680	44.25
Highland	23,208,899	951,353	40.99	Van Wert	47,463,955	2,259,747	47.61
Hocking	20,696,139	995,589	48.11	Vinton	20,048,665	704,594	35.14
Holmes	32,393,930	1,469,792	45.37	Warren	108,026,616	6,159,759	57.02
Huron	94,098,892	5,328,255	56.62	Washington	158,875,893	6,323,653	39.80
Jackson	38,206,599	1,447,152	37.88	Wayne	162,788,259	9,130,297	56.09
Jefferson	114,875,070	5,257,743	45.77	Williams	74,327,126	4,046,831	54.45
Knox	62,769,573	3,306,318	52.67	Wood	191,085,808	10,021,688	52.45
Lake	472,328,142	32,234,231	68.25	Wyandot	31,107,934	1,444,072	46.42
Lawrence	51,103,660	2,089,709	40.89				
Licking	175,419,429	8,174,884	46.60	Total	$16,960,391,282	$1,005,234,164	59.27

* All levies for current expense and debt for all local governments.

Source: Abstracts filed by county auditors with the Ohio Department of Taxation.

Table 79

TANGIBLE PERSONAL PROPERTY TAX

REDUCTION IN VALUE AND AMOUNT REIMBURSED FOR $10,000 EXEMPTION, BY COUNTY, CALENDAR YEAR 1988

County	Reduction of Taxable Value	Amount Reimbursed by State	County	Reduction of Taxable Value	Amount Reimbursed by State
Adams	$ 1,346,305	$ 46,236	Logan	$ 4,566,660	$ 234,735
Allen	12,289,521	541,244	Lorain	19,837,107	1,357,014
Ashland	4,850,954	266,710	Lucas	43,642,056	3,260,972
Ashtabula	9,245,871	552,035	Madison	2,497,204	121,851
Athens	3,974,391	276,932	Mahoning	23,979,743	1,476,140
Auglaize	4,991,300	242,383	Marion	4,908,440	260,512
Belmont	6,070,615	325,190	Medina	11,944,295	875,268
Brown	2,227,410	98,325	Meigs	1,569,705	74,870
Butler	21,052,235	1,071,709	Mercer	5,165,210	230,944
Carroll	2,414,426	120,574	Miami	9,851,628	558,491
Champaign	2,488,739	146,311	Monroe	1,381,910	61,702
Clark	10,263,772	611,856	Montgomery	52,194,044	3,649,857
Clermont	9,816,227	625,476	Morgan	944,096	38,513
Clinton	2,778,580	131,555	Morrow	1,641,081	86,528
Columbiana	10,059,104	541,275	Muskingum	8,500,543	490,373
Coshocton	3,425,123	169,429	Noble	1,103,840	50,873
Crawford	4,986,236	285,336	Ottawa	5,484,825	336,451
Cuyahoga	142,430,931	12,023,015	Paulding	1,737,582	104,798
Darke	5,970,590	269,701	Perry	1,962,619	123,200
Defiance	4,137,691	190,342	Pickaway	3,006,530	133,334
Delaware	4,980,324	272,046	Pike	1,276,295	67,897
Erie	8,381,241	535,482	Portage	10,631,572	771,471
Fairfield	7,464,612	448,694	Preble	2,387,450	150,822
Fayette	2,020,661	88,148	Putnam	3,632,761	165,418
Franklin	86,153,175	5,830,190	Richland	12,283,461	765,356
Fulton	1,967,945	275,185	Ross	4,742,660	264,178
Gallia	2,346,880	96,598	Sandusky	6,089,683	326,011
Geauga	9,189,570	692,270	Scioto	5,749,274	293,244
Greene	9,108,002	605,592	Seneca	5,681,520	268,621
Guernsey	3,635,253	194,046	Shelby	4,573,604	211,897
Hamilton	91,020,960	6,073,127	Stark	34,985,737	1,983,333
Hancock	7,251,110	372,852	Summit	48,109,206	3,216,703
Hardin	2,531,057	126,913	Trumbull	20,159,990	1,184,769
Harrison	1,315,160	73,264	Tuscarawas	10,215,002	476,970
Henry	3,368,022	178,883	Union	2,676,569	139,462
Highland	2,785,683	121,525	Van Wert	3,428,716	168,511
Hocking	2,006,759	101,983	Vinton	934,166	34,904
Holmes	4,847,160	228,401	Warren	8,319,802	507,250
Huron	6,510,467	372,009	Washington	7,498,695	313,866
Jackson	2,832,834	116,148	Wayne	11,152,921	633,195
Jefferson	5,986,250	299,165	Williams	4,553,732	253,825
Knox	4,362,444	239,571	Wood	9,576,494	565,693
Lake	23,483,183	1,779,491	Wyandot	2,726,045	135,226
Lawrence	2,605,020	114,093			
Licking	10,853,542	533,301	Total	$999,131,809	$64,729,658

Source: Abstracts filed with the Department of Taxation by County Auditors and records of the department.